

SEEN and HEARD around the NATIONAL CAPITAL By Carter Field

Washington.—Very interesting in connection with all the talk from the White House that only fear is restraining investors from going in to new enterprises, and particularly in connection with the administration charge that the electric industry has been withholding expenditures for expansions, etc., at the rate of a billion dollars a year for the last three years, are some recent actions by the federal power commission.

Act 1 was the application of the Carolina Aluminum company for permission to construct a hydroelectric project on the Yadkin river, near Tuckertown, N. C. This was denied, on the ground that the Yadkin river was a navigable stream, and hence a license must be obtained.

But the contention that the Yadkin river was navigable seemed absurd not only to the Aluminum company, but to the state officials of North Carolina, in view of the fact that there were already three dams below the proposed site on the Yadkin river, and one above it!

So North Carolina joined the company in appealing.

On December 17 the commission rejected the appeal, and also in a separate action provided for an inquiry into the other four dams, insisting that they be required also to obtain licenses.

Why all this stress on licenses? To read the statements of the commission one might suspect it was all in the interest of navigation. Presumably the commission might tell the operators of the plant, on some occasion, that they could not operate because that might reduce the depth of water down in the navigable part of the stream. Presumably the amount of water evaporated by being run through a hydroelectric plant would be sufficiently in excess of that evaporated if nature took its course to affect this depth farther down.

Gets Power to Intervene

It seems a little far-fetched, but that's how the federal government gets its power to intervene, under the Constitution. The federal government has jurisdiction over navigable streams. The original idea of the founding fathers, of course, concerned bridges, which, unless there were some regulation, might be built so close to the water that ships could not pass under them.

But actually that is a lot of apple sauce so far as the present contention is concerned. What the power commission wants is to force these plants to have licenses in order to improve recapture provisions. Under the federal power act, as amended in 1935, a formula is set up for the government taking over any licensed hydroelectric plant at the end of fifty years.

It is to pay, under the provisions of this act, precisely the amount outlined by President Roosevelt in his prudent investment theory—money honestly and wisely invested—no allowance for mistakes, however honestly made, no allowance for bribes, no matter how wise it seemed to pay them, no allowance for promotion costs, and now allowance for any increased value in the land! With the further retroactive provision that if it shall be discovered, when the government is taking them over, that the companies charged too much during the fifty years, the amount of this excess profit shall be deducted from the amount paid the owners by the government.

Needless to say, if the project was a losing one, the government does not have to take it over. So it's the old "heads you lose, tails the government wins" formula.

So some skeptics here think the "prudent investor" will have no part in anything the "product investment" theory governs.

Trouble Ahead
Plenty of trouble impends for President Roosevelt in the regular session of congress. This was made certain in a recent press conference in which the President stated his views about what was causing the "fear" on the part of the investors. The point is that Mr. Roosevelt's ideas are widely at variance with what a very large number of senators and representatives think is the reason.

This will affect the very essence of a number of measures which the regular session of congress must consider—all of them, in fact, which have anything to do with business. Of these taxation is the most important. The President in his remarks to the press strengthened the hands of those senators and representatives—apparently a majority—who think that the liberalizing of the tax on undistributed earnings of corporations should go a great deal further than the house committee has provided.

see the picture, the present policy of the government is a tremendous deterrent to investors contemplating putting their money in big corporations in general, and utilities in particular. Big corporations, because of the President's antipathy for bigness in business—utilities because of his alleged bias against them and because of his frank expressions as to what returns they should be allowed to earn.

The point of the whole thing is that, Mr. Roosevelt making no allowance for any money "unwisely" invested by a utility corporation or any money spent for bribery or any other "dishonest" purpose, and not being willing to allow even increases in land value, if they were "unearned increment" or if the value had advanced through no effort of the company, these conservatives do not look for any rush of unemployed capital to the utilities. Or to any other business on which the heavy hand of the government might fall.

How They Reason

Hence, these conservatives reason, the only way that money can be employed, and thus provide jobs for the unemployed, is to permit going concerns to use some of the surpluses for expansions without a punitive tax.

This does not mean, these conservatives point out, that this particular money would escape taxation. On the contrary, it is sure to be taxed at least twice by the federal government.

Thus if the Niagara and Hudson company, to use a specific case, though an imaginary one, should earn ten million dollars above its prudent dividend requirements, and should desire to put this money into a new hydroelectric plant, it would be permitted to do so without paying an undistributed earnings tax on that ten millions. But it would pay at least 16 per cent in regular corporation earnings taxes. This figure of 16 per cent is the lowest any one in congress is thinking about. It contrasts with the present normal corporation income tax of 15 per cent. Probably, when the law is enacted, it will be nearer 20 per cent and some want it even higher.

Presumably this ten millions would eventually be distributed as dividends. When that happened the stockholders would, of course, have to pay their individual income taxes on it. And meantime, any additional earnings occasioned by this investment would, of course, be subject to the 16 per cent or larger regular corporation earnings tax.

An Old Story

There is a story dating back to 1933, right after Franklin D. Roosevelt became President, that some bankers in New York, who happened to be the trustee for his father's estate, wrote him a carefully worded but perhaps indiscreet inquiry as to what it would be safe to put his money in, in view of what the government might do.

According to the story, Roosevelt laconically answered: "You are the trustees."

Also, according to the story, the bankers wired back: "We have put the money in government bonds. Now you are the trustee."

That story is apropos now because of the recent statement to the press by President Roosevelt of his ideas on what return should be permitted on capital invested by private persons. He was speaking particularly of the utilities, and he was discussing the so-called "prudent investment" theory.

If you put that statement together with the very well-known ideas of Mr. Roosevelt on interest rates, there results a situation which to any "prudent" investor, would seem to indicate that the sensible thing to do would be to put one's money in government bonds. Especially if one had an income large enough to put it up in the high surtax brackets. And that, of course, is where a lot of the money, if not most of it, for all sorts of new ventures and expansions comes from.

The point is that Mr. Roosevelt's pattern for private investment contains no calculation for losses. If an investor puts money into five enterprises, and one of them is a flop, resulting in a complete loss, there is no way, under the Roosevelt formula, for one of the others to be a bonanza, thus enabling the investor to come out even. He is just out of luck.

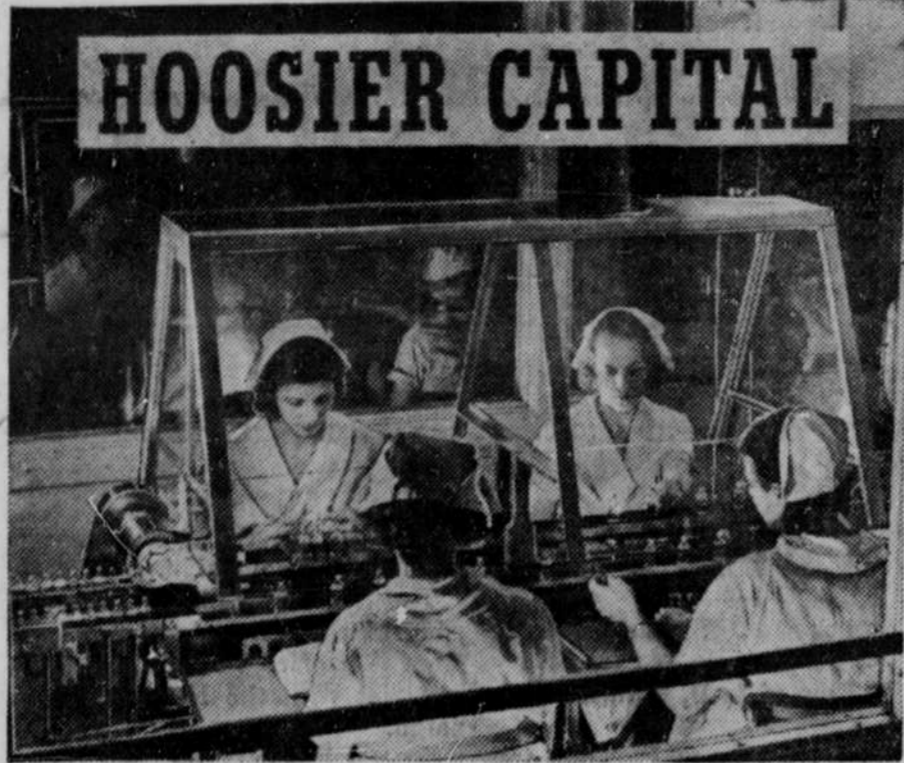
Roosevelt's Ideas

Let's look at Roosevelt's own ideas of "prudent investment" as expressed to the press. And one must bear in mind that it is Roosevelt's ideas about the famous Brandeis decision, not what the justice really said, that is important.

If any of the money was invested foolishly, that does not count. That is just a loss. If any of the money was spent crookedly, that does not count. The President did not mention promotion, but he does not like promotion, so that does not count. If the company bought some land, which increased in value through no merit on the part of the company, that does not count.

So it's only the money actually put in, and then spent wisely—"prudently" is the word—on which a return should be allowed. Of course, if a company invested a few million dollars, and then encountered a high-jacking city council or legislature, whatever had to be spent to save the entire investment would be sheer loss.

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Filling Insulin Vials.

Books, Chemicals and Other Products of Indianapolis

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

FROM atop a high building you see glittering Indianapolis spread over the prairie. Nebuchadnezzar, who viewed Babylon from his flat-roofed palace, would enjoy the picture here, with all its temples, shrines, monuments, and tree-lined avenues. Here are restful parks and floral displays, quite as satisfying to many as were the hanging gardens of the Euphrates; and here is a war memorial as impressive as any temple raised by Babylonians.

No one great city, however, dominates Indiana; Chicago pulls at it on the north, Cincinnati and Louisville on the south. Yet Indianapolis, its capital and nearly its geographic center, is the seat of Hoosier power. In 1820 a small spot was cleared of forest here, and the capital later moved from Corydon, in the south. One wagon, two weeks on the wilderness trails, hauled all the young state's papers, furniture, books, and money. From the streams men seized fish in such quantities that wagonloads were fed to hogs.

Settlers increased; the national road came through from the East, driving west toward the Missouri. West-bound "movers" multiplied. Some days saw hundreds pass in covered wagons, freighters, stagecoaches, often with women or girls driving the teams while men and boys herded other animals after the wagons.

Crossroads for Highways.
Today Indianapolis stands, a typical, well-balanced midwestern city, intersected by four national highways used by three-fourths of all transcontinental motorists.

High above the city rises America's largest neon aviation beacon, usually visible from 75 miles away. About the city runs the first belt-line railway built in America, and the seven-acre Union station with elevated tracks accommodates 40 trains at once. Every 24 hours, 82 reach the city; and it averages a convention a day—five days out of every week the year round. One auditorium seats 10,000. What a change since Henry Ward Beecher preached here in his small church, and edited his farm paper!

Get up early, any morning, and you see some 500 trucks coming into town from all directions, hauling hogs, cattle, calves, and sheep to the largest stockyards east of Chicago. Among world grain markets the one here ranks sixth, and as a cash mart it leads in the United States.

Some 840 factories make many things, from insulin and inner tubes, automobiles and canned food, to birdcages and popcorn machines. One shop can make 5,500 bicycle tires every day. Another makes chains—chains that went with Admiral Byrd to the Antarctic; chains for the first Wright plane; for the dirigibles Macon and Shenandoah; for battleship hoists and elevators; chains for 40 foreign countries. Doorbell ringers all over the nation sell silk hosiery made here, while another product is advertised by a singing barber who fills the air with saponaceous rhapsody.

Armored cars for the shah of Iran; trucks to haul pipes that carry oil from Mosul to the Mediterranean; hams and bacon for the world's breakfast—they originate here.

Center for Literature.
If wastebaskets gave up their dead, what a place a great publishing house in Indianapolis would be to trace Indiana's literary career! It has bought and published many a manuscript which brought fame to a hitherto unknown writer. Not only Hoosiers, but writers from all over the Union have been launched by this house. Long ago it started Mary Roberts Rinehart, whose first work, "The Circular Staircase," other houses had ignored. Lately it published "Oil for the Lamps of China," which brought fame to Alice Tisdale Hobart.

Look over its lists, old and new, and you are astonished at the millions of books issued from this midwestern plant. Charles Major's "When Knighthood Was in Flower" sold more copies than did "Uncle Tom's Cabin." This firm, putting on what James Whitcomb Riley called "its literary overalls," published every book the famous Hoosier poet ever wrote, and all without ever a written contract! It introduced Harold MacGrath to the world with "The Puppet Crown," and Meredith Nicholson with "The Main Chance" and "The House of a Thousand Candles."

Other titles are remindful of days gone by. Here Brand Whitlock brought "The Thirteenth District"; Emerson Hough his "Mississippi Bubble"; Anna Katharine Green, "The Filigree Ball"; George Randolph Chester, "Young Wallingford"; Zona Gale, "Romance Island"; George Ade, "The Slim Princess"; Earl Derr Biggers, "Seven Keys to Baldpate"; Ring Lardner, "Gullible's Travels"; and Irving Bacheller, "The Light in the Clearing."

Because of its early conspicuous success with fiction, fiction especially is associated in many minds with the publishers. But its contribution in other lines, aside from its law and educational publications, shows scores of titles on subjects from "Backward Children" to "The Chinese"—too many to list here.

Great Chemical Laboratory.
Carved on the stone front of a great laboratory at Indianapolis are the same chemical symbols used by ancient alchemists—who took them from the Chaldean—who thought the earth's metals were related to the planets! Hence such old planetary names for drugs as lunar caustic and saturnine poison.

Yet look into this plant and see what incredible strides chemists have made since the dim, distant age of alchemy, quackery, and philosophers' stones! In this temple of scientific research and in the giant production plant attached to it, where machines roll 500,000 pills a day and grind tons of strange things, from dandelions to bovine stomachs and livers, you meet a thinking brigade of chemists, pharmacists, bacteriologists, and medical investigators representing the best scientific brains of many lands, from England to China.

How to turn new ideas, theories, and discoveries about medicine into practical use is the business of this vast industry. It worked with the Toronto Insulin committee and with the Harvard Pernicious Anemia committee to put their drugs quickly into doctors' hands.

Here is not only pure research in many things, from toad poisons to Chinese herbs, but such mass-production problems as packing millions of doses of ground liver in capsules instead of vials.

In plain English, here in Indiana is an astonishing example of how highly organized, efficient business takes up where science leaves off. Jenner learned long ago how to vaccinate against smallpox, but it takes huge capital and infinite skill to make enough vaccine and supply it fresh to the whole world, when and where needed.

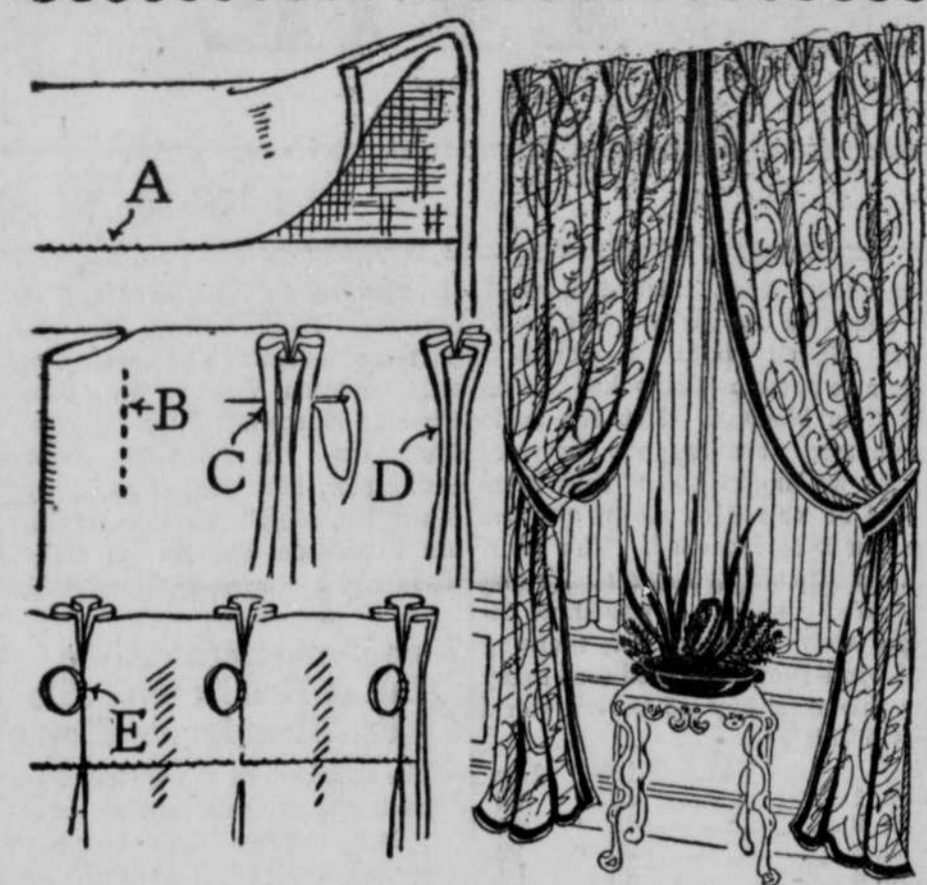
You can think of many such examples, from common disinfectants to diphtheria antitoxin. But for such mass production of drugs, chemicals, and medicines, we could not check or control infectious disease and epidemics, despite the great discoveries of Koch, Pasteur, Lister, Sir Ronald Ross, Schaudinn, Von Wassermann, and Ehrlich.

Nor could mankind benefit from the findings of a Hopkins, a Mendel, or an Osborne as to vitamins, nutrition, and the prevention of nutritional disease, nor dare to hope in face of tetanus, diabetes, and anemia.

Look at all the live animals on which tests are made; look at all the strange weeds, plants, roots, that come to this busy place—and look at the endless barrels, boxes, jars, and bottles of mysterious mixtures that issue from it, and are shipped to drugstores, hospitals, armies, navies, and to doctors all over the world, and you walk out with this thought:

What good is any discovery in medicine—no matter how great its potential value—unless some industry exists like this one, able to make the new serum, vaccine, drug or tissue product in big lots, and then send it to places where people need it?

HOW to SEW By RUTH WYETH SPEARS



WHETHER you line your new draperies or not will depend on how heavy the material is. It is important, however, that the top of draperies be stiffened when a French heading is used. A soft canvas which may be purchased in drapery departments is generally used for this purpose. From

four to six inches is a good depth to cut the heading canvas. Turn the top of the curtain material over it and sew as at A.

Start to sew the plait about an inch down from the top of the drapery and sew it the depth of the stiffening, as shown here at B. Pinch this plait into three small

World "Times Square"

In his book, "Junglemania," Arthur Torrance, M. D., says: "Singapore is the Times Square of the universe. There are as many ships passing through Singapore as there are taxicabs in Times Square at theater time. There are just as many shows—shows that you don't have to pay to see: Sailors from every port in the world; women in strangely alluring costumes; silk shops; peculiar bazaars such as are found in China, Ceylon and Java; jewels and precious stones sold at street corners by a polyglot of carefree people who speak languages that don't have any dictionaries."

plaits and, starting two inches down from the top, sew through as at C. Sew these plaits the depth of the stiffening, so that they appear as shown here at D. Now turn to the wrong side and sew a ring to the back of each plait as at E.

Every Homemaker should have a copy of Mrs. Spears' new book, SEWING. Forty-eight pages of step-by-step directions for making slipcovers and dressing tables; restoring and upholstering chairs, couches; making curtains for every type of room and purpose. Making lampshades, rugs, ottomans and other useful articles for the home. Readers wishing a copy should send name and address, enclosing 25 cents, to Mrs. Spears, 210 South Desplains St., Chicago, Illinois.

Pepsodent with IRUM triumphs over surface-stains on teeth

Irium Contained in BOTH Pepsodent Powder and Pepsodent Tooth Paste

● Thanks to "The Miracle of Irium," Pepsodent smiles reveal teeth that glisten and gleam with all their glorious natural radiance! Use this modernized dentifrice twice a day—and you'll quickly appreciate why Pepsodent Paste and Powder

containing Irium have captured America! And Pepsodent containing Irium is Safe! Contains NO BLEACH, NO GRIT, NO PUMICE. It reveals natural, pearly brilliance in record time... leaves your mouth refreshed, tingling clean!

"Fourth Necessity"
The automobile has become so necessary in our modern life that it is often called the "Fourth Necessity," giving way only to food, clothing and shelter.

Stoop to Rise
Soar not too high to fall, but stoop to rise.—Massinger.

JOYS and GLOOMS

RUN UPSTAIRS AND TELL DADDY HE'D BETTER GET UP. IT'S LATE!

BAH! SUCH HAPPINESS! LET'S KILL THOSE JOYS!

COME ON... WE'LL GET UPSTAIRS BEFORE THEY DO!

TIME TO GET UP DADDY! MOTHER SAYS IT'S LATE!

STOP YELLING! TELL MOTHER I'LL GET UP WHEN I FEEL LIKE IT! SHE KNOWS MY HEAD ACHES AGAIN THIS MORNING!

NOW GET OUT OF HERE AND LET ME HAVE A LITTLE QUIET! I DON'T WANT MY BREAKFAST, ANYWAY!

WHERE'S MY COFFEE? WHY ISN'T IT READY?

BUT, DEAR... YOU MUSTN'T DRINK SO MUCH COFFEE! YOU KNOW COFFEE-NERVES IS CAUSING YOUR HEADACHES!

THE DOCTOR TOLD YOU TO QUIT DRINKING COFFEE AND DRINK POSTUM INSTEAD! WHY DON'T YOU DO IT?

OH, I WILL IF YOU'LL KEEP QUIET!

SCRAM, GLOOMS... WE'RE LICKED!

BREAKFAST IS READY, DEAR!

WHAT A CHANGED MAN! UP EARLY EVERY MORNING, HAPPY AS A LARK!

HE FEELS GREAT SINCE HE SWITCHED TO POSTUM AND GOT RID OF HIS HEAD-ACHES!

30 DAYS LATER

YOUR MONEY BACK... IF SWITCHING TO POSTUM DOESN'T HELP YOU!

MANY people can safely drink coffee. But many others—and all children—should never drink it. If you suspect that the caffeine in coffee disagrees with you... try Postum's 30-day test. Buy some Postum and drink it instead of coffee for a full month. If... after 30 days... you do not feel better, return the Postum container top with your name and address to General Foods, Battle Creek, Mich., and we will refund purchase price, plus postage! (If you live in Canada, address General Foods, Ltd., Cobourg, Ont.) Postum contains no caffeine. It is simply whole wheat and bran, roasted and slightly sweetened. It comes in two forms... Postum Cereal, the kind you boil or percolate... and Instant Postum, made instantly in the cup. Economical, easy to make, delicious, hot or iced. You may miss coffee at first, but you'll soon love Postum's own rich flavor. A product of General Foods. (This offer expires July 1, 1938.)

DON'T BE A GLOOM... DRINK POSTUM!