

Taxes Constitute Major Problem With Utilities

Power Levy Is Politicians' Tool; Rising Prices No Boon to Utilities; Rates Have Been Slashed; But Shift In Wind Points to Good Future

BY ROGER W. BABSON.
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Babson Park, Mass., Sept. 1.—Eighteen months have passed since business turned the recovery corner in March, 1933. Industrial activity is approximately 31 per cent above that level. Profits of industrial concerns have shown even a larger percentage gain. Factory employment is 34 per cent above the depression low and payrolls 63 per cent higher. But against this favorable background hangs a sad utility picture. At first glance one is puzzled by what seems to be evidence of improvement. Consumption of electric power so far this year compares favorably even with good years, but meanwhile net income dwindles away month after month.

Power Tax Politicians' Tool.
What are the causes? First and foremost is the tax problem. The politicians have learned that electric power, like gasoline and tobacco, is a wonderful revenue producer. Begun in 1932 as a federal sales tax to be paid by the consumer, the tariff was shifted in 1933 from the customer to the company. No compensating change in rates has been allowed, however. How can this be considered other than discriminatory taxation? The federal amusement tax is paid by the consumer, the tax on phone calls is added to the consumer's bill, even the gasoline and tobacco taxes are paid by the man who gets the goods. The three per cent utility tariff, however, is being paid by the policy-holder.

The example set by the federal government was followed by many state governments and in some cases even by city and town authorities. The growing load of taxation is becoming very serious. Year by year the government is biting off a larger and larger wedge from every utility dollar. Increases in the tax on electric power should be fought tooth and nail by consumer as well as security-holder for sooner or later these taxes will be transferred to the public.

Rising Prices No Boon to Utilities.
The second major utility problem today is the sharply rising cost of operation. Coal and copper, for instance have moved forward under the impetus of the NRA. All other materials used by electric power companies cost far more today than in March, 1933. Labor rates have kept the upward pace with material prices. Of course, this is only natural in a period of advancing business activity and rising commodity trends. If we are forced into a controlled inflation, a possible sharp spurt in business and consequently an increase in use of electric power.

Thus, the combination of higher taxes and higher costs has cut into utility profits in spite of the sharp gains in power sales. Rate reductions of course, have played a big part in the situation, but over the long term direction. Low rates stimulate rate reductions are a step in the right direction. Since 1882, when the industry was born, rates have dropped steadily year after year. It is interesting to note in the following table that electric rates are about one quarter as high as a half century ago, while commodity prices are slightly above the 1882 level.

Rates Slashed 75 Per Cent.

Year	Electricity	Commodities
1882	277	108
1897	219	68
1902	179	86
1915	89	101
1920	63	226
1929	70	139
1932	62	95
1934	59	110

Note that in the period from 1915 through 1920 commodities more than doubled in price while the cost of electricity actually dropped over six per cent. Also note that the drop in electric rates since 1929 now corresponds very closely to the change in commodity prices at today's reading.

It is estimated that approximately five million people in this country own power securities. These holders also include banks, colleges, hospitals, churches, libraries, and life insurance companies. The total assets of the industry run into \$15,000,000,000. This investment represents thousands of savings bank deposits and millions of life insurance premiums. The industry has been regulated by state public service commissions to protect consumer, investor, and producer alike. Utility bonds were and still are prescribed by public authorities as legal investments for life insurance companies and savings banks. Yet this is the one industry which has been sin-

STATE FAIR WILL SHOW AGRICULTURE
Raleigh, Sept. 1.—North Carolinians will be able to truly represent what can be produced on farms within the State this year at the State Fair which will open its gates on October 8, as only exhibits from this State will be exhibited.

With only a little more than a month remaining before the 1934 edition of the Fair, plans are taking a giant step toward the outstanding Fair in Eastern America.

Inquiries from farmers, 4-H club leaders and producers of livestock already indicate far more interest in exhibition space than ever before.

U. S. Senator A. P. Harrison of Mississippi, born at Crystal Springs, Miss. 53 years ago.

gled out by the federal government and local politicians for 'chiseling' through unfair public competition and discriminating taxation.

Much of the trouble, however, lies with the industry itself—its managers, consumers, and owners. For such a tremendous industry the lack of public knowledge concerning its problems is amazing. Far from being a "Power Trust" the facts show there is lack of co-operation among those who manage the companies. The security-holders lack the leaders to form a militant organization to protect their interests.

FORSTER DEFENDS CONTROL OF CROPS

N. C. State Professor Writes Of Benefits of Tobacco, Cotton Acts

College Station, Raleigh, Sept. 1.—It is a well known fact, and one which is generally accepted, that he will not pay the individual producer nor indeed society to harvest a crop already produced which does not sell for enough to pay marketing costs, declares Dr. G. W. Forster, head of the department of agricultural economics at State College, in an article, "In Defense of the Bankhead Act," appearing in the Journal of Law and Contemporary Problems published by the Duke University School of Law.

Dr. Forster calls attention to the fact that the Bankhead Act, which controls the cotton and tobacco acts, specifically. His article defends these measures because of the emergency condition facing farmers and the low incomes which they have had for ten years.

He declares that to abandon or to destroy a crop which will not pay even the marketing costs is not a waste but an economic gain to the individual as well as to society as it preserves the human and other resources. A second principle, he lays down, is that the production of a crop should not be undertaken or permitted when the anticipated return will not cover current operating costs such as the cost of seed, fertilizer, labor and the depreciation of equipment which may be charged to current operation. His third principle is that no crop should be produced or permitted to be produced which will not return an income sufficient to pay not only operating costs but overhead costs also.

Wife Preservers

If you are stringing beads and the hole is too small to allow a needle to pass through, dip the thread end in mullage for one and one-half inches, and taper to shape of needle. This will go through the hole in the bead.

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GRAND ROMANCE—Warner Baxter and Madge Evans as they appear in the Fox picture, "Grand Canary."



Jimmy Durante and Lupe Valez in "Strictly Dynamite" at the Stevenson Friday.



As medieval outcasts who crash royal society Bert WHEELER and Robert WOOLSEY impress Thelma Todd in "COCKEYED CAVALIERS," hilarious RKO-Radio feature comedy.

Early Posture Exercises Strongly Recommended

By LOGAN CLENDENING, M. D.

IN MOST COLLEGES and many high schools this fall as the students enroll they will be referred to the hospital or gymnasium for a physical examination.

A number of important things will be investigated, but perhaps most time will be spent on postural and other orthopedic defects. Certainly most of the time devoted to correcting physical defects will be spent on these.

It is an astonishing statement which I heard the other day from one of the physical directors at Yale, that in four years they had found only about thirty freshmen who were considered passable in posture and balance. Only thirty who did not need treatment.

The large majority had some minor postural defect, such as round shoulders or sway back or slight curvature of the spine. A good proportion had very serious defects of bony and muscle structure.

At Yale they have a very good method of correcting these faults. It is called the Mensendieck system of functional exercises.

rhythmically to the count of a voice or gong or anything of that sort. Breathing is emphasized, the muscle movement being made only on the exhalation. No dumbbells, pulleys or weights are used.

Athletic directors frequently say that athletics (without corrective exercise) will correct these faults, but such is not the case. In fact, they usually make them worse because any single athletic sport is likely to create a one-sided development.

While I do not believe that these postural faults are as detrimental to health as some of the more enthusiastic physical directors or orthopedic surgeons say they are, yet they are sufficiently important to need attention. It is a pity that we should have to wait until college years to begin adjustment. In high school the body is so much more supple and adaptable that here the corrections could be made to so much better advantage.

EDITOR'S NOTE: Six pamphlets by Dr. Clendening can now be obtained by sending 10 cents in coin, for each, and a self-addressed envelope stamped with a three-cent stamp, to Dr. Logan Clendening, in care of this paper. The pamphlets are: "Indigestion and Constipation," "Feeding and Gaining," "Infant Feeding," "Instructions for the Treatment of Diabetes," "Feminine Hygiene" and "The Care of the Hair and Skin."

The Eighth Commandment

By NORMA HENDRICKS

READ THIS FIRST:

Donald Reeves, young instructor, is found dead in his office on the campus of Center City university. Inspector Lee arrives at the scene of the tragedy with his frequent co-worker, Timothy Blade, newspaper reporter, and discovers the gun that was beside the body, found by the janitor, has disappeared. Inspector Lee meets Professor Jamieson, head of the English department, and his secretary, Ruth Turner, as well as Miss Edwards, another member of the department, and Jamieson, an instructor who shared the dead man's office. On the third floor of the English building the police find an attic room that shows signs of habitation. Miss Edwards tells Lee of a recent quarrel between the dead man and Jamieson. Blade, the reporter, announces to Lee that he has just called on Mrs. Reeves. Both go to see the woman who is convinced her husband committed suicide because he told her the evening before that he was "going away". Returning to the campus, Lee and Blade meet the other two members of the English staff, young Walker and elderly Dr. Henderson. Lee expresses several members of the staff about their whereabouts on the previous evening and knowledge of Reeves and his past. Jamieson tells Lee his quarrel with Reeves occurred when the dead man learned that Jamieson had been seeing Mrs. Reeves—to arrange a surprise birthday party for her husband. Incredibly jealous, Reeves threatened to kill Jamieson if the latter saw his wife again. At a nearby restaurant Lee, having lunch with Blade, goes over the reporter's account of the murder in the Sun.

(NOW GO ON WITH THE STORY)

CHAPTER 12
MOLLY CAME back with their orders and Tim silently moved the paper back from the table and went on with his reading. Lee dipped into the sugar bowl she drew near his cup and murmured vague thanks. Molly flounced away resentfully.

The story in the Sun went on: As far as police could discover Reeves left his home at 2486 Ranning road last night after a strange and incoherent conversation with his wife, in which he intimated, Mrs. Reeves said, that he intended to commit suicide.

Mrs. Reeves, tall, quiet and distinguished, received the news of her husband's death with apparent unconcern. The couple had been married about two years.

"He said something like, 'You'll never see me again,'" Mrs. Reeves told Inspector Lee.

Mrs. Reeves said that her husband had said on leaving the house at about seven-thirty that he was going to his office to work.

"He must have been trying to tell me he was going to commit suicide," Mrs. Reeves said. She said she was at home all evening.

Mrs. Reeves scouted the theory of murder and intimated that the case was a murder mystery.

Inspector Lee said that he would question Mrs. Reeves in detail later in the day. The inspector also said that he was sure that Reeves had been murdered.

Reeves had been an instructor at the university for only a year, Professor Malcolm Wilson, English department head, said. He was quiet, did not associate a great deal with fellow teachers and was considered by the student body to be unduly sarcastic. He was famous on the campus for his sharp tongue.

Professor Wilson said that Reeves had been invited to come from Texas to the university because of the Bierce thesis.

"I feel that I speak for the president as well as for the English department when I say that we are stunned by the untimely death of this brilliant young man," Professor Wilson said. "We are more than anxious to help police in a solution of this dreadful crime although, of course, we are all at a terrible loss to account for it. There is nothing we know in the life or the associations of this



"You are scenting a triangle."

young man which would account for the tragedy." The light on Reeves' desk was burning when the body was found and it presumably had burned since the murder. McManus said he probably did not notice the light when he passed the window because of the bright sun.

McManus said he arrived at the university to begin his usual routine at seven-fifteen. Shortly before eight he opened the door of the office which Reeves shared with Ralph Jamieson, a fellow instructor, and saw the body between the desk and the door.

McManus said he ran out of the office to summon authorities and met Callaghan walking across the street in front of the English House.

Accompanied by McManus, Callaghan went to the office, examined the body and told McManus that nothing in the room must be touched until the arrival of detectives. Callaghan said he particularly noted the revolver.

Callaghan said that with McManus he closed the two windows, locked the door, and went across the hall to telephone police, returning to stand guard until the arrival of Inspector Lee.

When police arrived the revolver was gone. Late this morning the murder office was guarded by a police detail who showed away hundreds of people.

Reeves' body was taken to county morgue and was undergoing autopsy by County Coroner D. A. Holmes this afternoon.

Tim was chuckling loudly when Lee finished. The detective laid down his paper questioning.

"Fleckney must have been somewhere near when you made that crack to Brown," said the reporter. "Listen to this:

"Detective Inspector Thomas Lee, in charge of the investigation, refused this morning to see a reporter from the World or to give him any statement regarding the case. When told by a policeman that reporters wished to see him or to have him issue a statement, Inspector Lee retorted loudly, 'Tell them we're having a garden party in here and that the Duchess of York is pouring tea, and entered the room where police were examining witnesses, slamming the door behind him.'

"With him at the time was a reporter for the Sun, who had arrived at the English House with the inspector in a police car and had been permitted to listen in on all questioning of witnesses." Lee banged his fist on the table

and exploded. "That cub! I'll make him damned sorry for that!"

"Sh," murmured Tim. "Molly'll get sore at us if we get noisy." Then seriously, "Never mind, inspector. 'Fleckney' isn't a cub and naturally he's sore—you can't blame him. As the World will probably take you for a ride tomorrow in an editorial. Let it go. I've got an idea that will take your mind off all that."

"You mean this business about the gun?" queried Lee, hopefully tapping a paragraph of Tim's story.

"Yeah, but first we've got to talk over the witnesses' statements."

"O. K. Better be skimming through them while you eat," replied the detective handing Tim the sheaf of papers which Ruth Turner had typed.

They were silent for a while except for the crisp paper rustling in Tim's hands. Once Lee called, "Molly, another cup of coffee."

Finally Tim pushed back his plate and leaned forward earnestly. "You know, inspector, there isn't a one of them that has an alibi that will hold water. Wilson was driving around with a headache. Henderson was home alone and so was Miss Edwards. Walker was with his wife and she'll say whatever he tells her to. Ruth Turner was with Jamieson till nine and then she was home alone too."

"Jamieson was with Mrs. Reeves from nine to nine-thirty, you'll notice, but it took him an hour to get home after that and a cripple could find a distance in half an hour," pointed out Lee. "At the same time, it'll be difficult to prove that any of them weren't where they say they were. No witnesses that they weren't, too. Don't forget that."

"Tim was tracing patterns on the tile with his pencil, circles with interlocking triangles. He always drew them when he was puzzled. "But if Mrs. Reeves and they were as friendly as he says they were, why didn't she tell you this morning that he was there, instead of saying she was alone all evening?"

Lee shrugged. "Don't ask me why she said or did anything. She's a question mark. Either she's a damned good actress or she really believes it was suicide. As for Jamieson, he's worried about something—something that happened last night. I'd lay a bet that he didn't leave her at her apartment at nine-later or she went with him when he did go. He was too anxious to find out what she had said about it before he answered my question."

"You're scenting a triangle." Lee noted heavily.

(TO BE CONTINUED)

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