

# Looking at WASHINGTON

NEW DEAL'S TRIUMPH.  
DEMOCRATS IN CONTROL.  
REPUBLICAN OUTLOOK.  
DEMOCRATIC DANGERS.  
OUR TARIFF POLICIES.  
GOING AFTER TAX DODGERS.

By Hugo Sims, The Mountaineer Special Washington Correspondent.

The New Deal, triumphant in the first election test, enters a new phase with President Roosevelt in command of the political situation more completely than any previous president since party warfare was inaugurated in the United States. This does not mean that the Chief Executive will be able to have his way even among his own followers, but that organized opposition all but toppled to the ground in the election last week.

The amazing sweep of the Democratic party, which brushed aside almost every remnant of the Old Guard Republican element, carried with it an unheard of senatorial majority, which may be reduced but cannot be overcome for nearly a decade. The supporters of the administration maintained the overwhelming House majority and took over governorships in states which had not drifted out of Republican control since the Civil War. Indicative of the utter rout of the Republicans is the fact that Pennsylvania, ancient stronghold of the G. O. P., not only sent a Democrat to the U. S. Senate, a governor to the state capital but sends more than two-thirds of its House delegation to Washington as Democrats.

It is too early to attempt to analyze the effect of the election upon the Republican party's future. Certainly, until the bewilderment has passed there can be no plans laid but when the time comes to take counsel for the 1936 election you may put it down as certain that Senator Vandenberg, of Michigan, will have a lot to say and that he will be listened to with great respect. He came through the recent catastrophe, carrying his state. His attitude toward the New Deal was flexible and he endorsed much liberal legislation. In fact, when he came to the Senate he was considered somewhat wild by the Old Guard but he has come through and they are out of the picture.

For the Democratic party the triumph may be so complete as to invite division and bitter dispute. Possibly conservative and liberal Democrats will diverge, and it is not beyond the realm of political events for the division to seriously cripple the vast strength that was gained last week. President Roosevelt's attitude will have much to do with this. If he continues what one might call a middle-of-the-road policy he will likely hold most of his party behind him, losing the radicals and the standpatters. If he turns strongly to the right or the left he will probably alienate a considerable faction, which will either form the nucleus of a new opposition party or else join with like-minded Republicans. Conversely, there will be a faction of Republicans drifting to his support, and thereafter the two parties, while holding the old names, will be completely reformed along lines that no one can now foresee.

No one, who keeps up with international affairs, can fail to see the

evidence of increasing tightness between Japan and other world powers over questions arising in the Far East. The trade policies of Manchuria, protected by several powers, seem to be instigated by Japan, but the Japanese government, when asked about them falls back on the alleged "independence" of the new states. As other powers have not recognized the "puppet state," an obvious result.

A new hard-boiled policy has been put into effect by the Bureau of Internal Revenue which rigorously pressing for payment of all income taxes and other payments which it believes are due the government. According to officials, the Bureau has no discretion but must enforce payment in full. Protests are disregarded and compromises are permitted only where there is doubt as to the liability of the taxpayer or the collectibility of the tax.

Of course, it is impossible for the Bureau to examine the returns of all taxpayers and therefore, some get by with exemption that others fail to secure. Moreover, some officials differ in interpreting the cases that arise in the twilight zone of income taxation. But generally, the Treasury is determined to follow a severe policy toward deductions and compromises and to abandon the easy attitude that existed in flush times.

The Bureau expects to increase the tax yield by \$85,000,000 this year and to lay heavy penalties against corporations which pile up surpluses for long periods in an effort to escape surtaxes. In addition, much closer examination is to be made into the "husband and wife business"—sales of stock and property from one to the other.

James A. Moffett, chief of the Federal Housing Project, is trying to revive the heavy industries, relieve unemployment, and prevent another general maturing of private debt during a depression. He is hoping that the government guarantee of mortgage and construction projects within certain cost limits will accomplish these purposes solely through private initiative and the use of private capital. More than this, he is afraid that the use of public capital in this field will drive private capital into hiding again because it would be unable to meet the competition.

Recently, the President, after much discussion, authorized the Administrator of the Federal Housing Act to enlarge the scope of its activity. For several months, Mr. Moffett and his aides had been working on a "renovizing" plan, which has developed business of more than \$70,000,000 from private capital. Now, he is empowered to go into the mortgage and new construction field, with a uniform interest rate of five per cent set on new home mortgages by the President himself.

Those who have studied the possibilities of the housing program believe that it is possible to underwrite a vast business expansion and, what is better, that it will be largely based upon private undertakings. By making credit more readily available for the construction of new homes, it is expected to provide employment for thousands of men now out of work in the building trades and in industries producing lumber, bricks, cement and other materials.

That there is a great need for new

## FINDS BANKS WILLING, BORROWERS CAUTIOUS

Prominent Writer Refutes Statements Bankers Are Refusing Sound Loans—Describes Reasons for Reduced Volume of Credit.

FIGURES supplied by typical well-managed banks in different parts of the country show that a high proportion of all applications for loans have been granted in the past year or two, says Albert W. Atwood in a recent article in *The Saturday Evening Post* on "The Idle Dollar." Excerpts from Mr. Atwood's article follow:

"Frequently banks state that as high as 90 per cent of all such applications are granted and for from 60 to 75 per cent of the amount asked for. Allowing that the bankers make these figures as favorable to their own case as possible, it seems strange that we are told again and again that banks are not lending at all.

"If we take into account the whole class of regular bank borrowers, the plain fact is very few want to borrow yet. For the word 'borrow' is merely another name for the word 'debt,' and we face a great world-wide drive to get out of debt.

"An experienced small-city banker, asked if banks were lending freely enough, wisely replied: 'The really good borrower does not wish to borrow now. In fact, I think our customers are making a remarkably fine showing in paying off their loans, especially loans of long standing.'

### The Shrinkage of Credit

"Or if we think of business concerns rather than of individuals, it is conservative to say that those able to maintain high credit ratings have been mostly the ones able to maintain ample cash resources and, therefore, least in need of credit. As prices and costs fell, many concerns found themselves with plenty of cash because of the shrinkage in operations. Cash resources were still further swollen by reduced dividends, and smaller inventories made bank borrowing still less necessary.

"Expressed in another way, banks cannot expand credit, they cannot make loans, unless there is a demand for the same. Fundamentally, the business transaction makes the loan, the loan does not make the transaction. It is a mistake to try to force upon business organizations funds which they do not need. Under the circumstances the 'idle dollar' is a natural and proper enough phenomenon. A demand for credit is difficult to create artificially, and there is always danger in so doing.

"Banks must be liquid enough at all times to pay depositors. The idea of a commercial loan is that it represents a self-liquidating process in business. If the banker makes only those advances that are inherently sound, and selects his maturities wisely, he will have in coming funds to meet demands.

### Government Lending

"As everybody knows, the Government has vast lending agencies, for home owners, farmers, and the like. These have nothing to do with the subject of this article, except that all such Government operations would be impossible if the banks did not lend the Government money for the purpose.

"No one can set a time when borrowing will be resumed. But it will come when men once more feel that conditions are sufficiently settled to warrant them in taking chances, in entering upon deals, and in trying to make money."

Mr. Atwood says that it may be that the banks are overcautious now, just as they were overconfident in 1929, but calls attention to the fact that until a little more than a year ago banks were falling "partly because they had loaned too freely, and were being criticized right and left for precisely that fault." He adds:

"Indeed the banks which had been cautious in their lending policy came through the crisis safely. Under such conditions it is utterly useless to criticize banks for not making loans. After the experience they had for several years, especially in 1932 and 1933, it is only natural that they should relax their requirements very slowly and gradually.

"Unfortunately, many of the applications for loans are not people who want temporary banking accommodation for three or six months and are quite able to meet their maturity dates, but are from those who really need permanent capital. They are busted and they want someone to stake them to a new start. What they really seek is a partner to furnish them with long-time capital. But depositors insist upon being paid on demand, and, therefore, it is a grave question whether banks should tie up their funds for any length of time."

### Oldest Restaurants

The oldest restaurants in the world are the Bratwurstglocklein at Nuremberg, where sausage has been eaten for 525 years; the Mitre hotel at Oxford, which has a service for 500 years; the Cafe de la Regence in Paris, which has been open for 200 years, and the Ratskeller in Bremen, built in 1405. The Capello Nero of Venice also counts its age in centuries.

construction in many sections of the country is clear, because of the almost cessation home building in recent years. Experts estimate the shortage of homes in the country at from 750,000 to twice that figure. If cost of building can be reduced, there exists the likelihood of great improvement in the construction trades and related industries.

## COMMENT SPORTS

HEYDLER WATCHED TEAMS.  
BOONIN GOES TO BOSTON.  
RUTH CAN GET RELEASE.

Baseball fans interested in the spectacular drive of the Cardinals to the National League pennant in the last two weeks of the 1934 campaign, heard frequent comments on the part of baseless talking to the effect that everything was "fixed." With New York and St. Louis playing second division clubs, it was thought that maybe one club might get some help from their opponent.

It is now revealed that President John A. Heydler kept a close watch on every game played during the hectic rush and that when the Cardinals were winning in the closing weeks the umpires were instructed to watch carefully for any tendency on the part of the opposition to "play down." This comes to light because Larry McPhail, president of the Cincinnati Reds, complained to the League head about such reports.

We think the fans generally should praise the timely action of President Heydler, who was determined to avoid any possibility of scandal. He wanted to be sure that the clubs were playing real baseball and as Chief Executive of his League, it was his business to take such steps as were necessary to assure himself that the games were absolutely "on the level." This implied no reflection whatever upon the Cardinals or Giants or opposition.

Joseph Cronin goes to the Boston Red Sox for an unannounced sum of money, but it is estimated at between \$150,000 and \$250,000. Cronin will be playing manager at Boston under a five-year contract. That the deal was permitted to go through largely for Cronin's benefit may be assumed when one recalls that the former Senator married Clark (Griffith's adopted daughter) and that the trade was held up until he gave his consent. Cronin has played with the Senators for seven years and led the club to a pennant two years ago. He succeeded Walter Johnson as manager.

Purchase of Joe Cronin by Tom Yawkey, millionaire owner of the Boston Red Sox, indicates to what extent that gentleman intends to go to win the pennant in the American League. Not only did he turn loose a wad of cash but gave up Lynn Larry, smart fielding shortstop for whom he paid about \$35,000. Yawkey spent around two and a half million dollars for the Boston franchise and in remodeling Fenway Park. Since that time he has used about a half million dollars in buying players.

Cronin succeeds Stanley (Bucky) Harris at Boston. Harris brought the Red Sox into fourth place, the first time it landed in the first di-

vision since 1918. When it won its pennant. In the campaign this year Harris lost his chance for the pennant when Luffy Grove, Rube Walburg, and George Pipgras failed to deliver the goods in the box.

When Clark Griffith sold his manager, there was talk that the Washington owner would angle for Babe Ruth as manager, but not for long, as the "Old Fox" made it plain that he was not considering the "Babe." Meanwhile in New York, Jacob Ruppert, owner of the Yankees, declared he would release his famous slugger with no price tag attached if any other major league club desires Ruth as manager.

The report was that Connie Mack might let Ruth succeed him in Philadelphia, but Connie, heading a barnstorming team to the Orient, declares that his ambition is to continue as manager until he passes his eightieth birthday.

The origin of the term "toasting" (lasses), a German drinker's cry, a condition of "this and that" though Wedgewood considers "toasting" an old English word of no importance probably derived from the fact that the toast put into the cups. This is the origin of the word "toasting" in the latter part of the word is connected with the word "toast" in the sense of "toasting" the bread. The custom of "toasting" the bread has been in vogue since the eighteenth century. In Alaska, it is the custom of the Eskimos to "toast" the bread.

## Says Dahlia Roots Must Not Freeze

In areas where dahlias freeze when left under ground in winter, the roots should be dug up and stored in a place where the temperature remains moderate. A few days before it is the best time to dig the roots, according to Robert Schmidt, assistant horticulturist of the North Carolina experiment station.

The tops should be cut off the ground and the roots, dug up with a spading fork, if possible, should be placed in a cellar or other place where the temperature does not go down to freezing or less than 50 degrees.

Remove the dirt carefully from the clump, allow it to dry for a few days, then place in a cellar or other place where the temperature does not go down to freezing or less than 50 degrees. In cellars where furnaces are located, the air is usually too warm and dry. But the roots may be packed in a box of dry sand or sawdust and set in the coolest part of the cellar. The clumps of dahlias left in the ground should be taken up and divided before growth starts in the spring, Schmidt says.

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