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WEDNESDAY, JULY 5, 1933.

THE SECURITIES SNAG

There are ugly rumors concerning administration of the new securities act. The federal trade commission is engaged in writing regulations which will govern it in enforcing the act. Experience in the past has shown that no matter how excellently a law may be drawn, the regulations determine whether enforcement is effective or lax.

Thirteen years ago congress passed the federal water power act, a piece of legislation which still stands as a model for carefully thought out regulatory measures. The power companies were not able to defeat it. But once it was enacted, they sent their best lobbyists to Washington to watch the framing of regulations.

The story of what was done at that time was told a few years ago by two employees of the commission, William V. King, chief accountant, and Charles A. Russell, solicitor, who were dismissed summarily from office.

On the strength of regulations formulated in those early days, plus a policy of keeping appropriations to a starvation point, the power companies were able to evade most of the important provisions of the act until a few years ago.

This story must not be repeated with the securities act. The people still are too indignant over sharp corporation practices which have fleeced them of millions of dollars, their life savings in many cases.

They will not again invest money until they are reasonably sure they can know what they are buying. Only strict and honorable enforcement of the securities act can assure business the flow of money it will need in coming years.

The federal trade commission should be particularly scrupulous about calling in or consulting with the investment bankers whose practices, recently disclosed by the senate committee, so have shocked the American people.

The new law is designed, not for the convenience of these people, but to direct a stern and suspicious eye at them. It is their fault that confidence is shaken and confidence will not return while the public suspects that they are influencing the means by which they are to be regulated.

The President of the United States, who promised the people a new deal in securities, should take a searching look at what is happening in the trade commission and take whatever steps may be necessary to save his excellent legislation from bureaucratic oblivion.

BREAD PROFITEERS

SECRETARY OF AGRICULTURE WALLACE'S sharp rebuke to Iowa bakers for announcing a 60 per cent increase in bread prices should serve as a national warning that profiteers are entitled to no cards from the new deal.

It is evident from the schemes of these bakers that congressmen who saw danger to the consumers under the new recovery laws were not just seeing robins. The Iowa bakers, at most, were entitled to raise their bread prices 11-3 cents a pound loaf.

Their costs might be increased by that amount through the rise in wheat prices and the new 30-cent processing tax that goes into effect July 9. Instead of raising a loaf of bread from 5 cents to 61-3 cents, they proposed to increase it to 8 cents and pocket the difference.

Secretary Wallace told them that "the anti-trust laws still are in effect" and that both the agricultural adjustment and industrial recovery laws are implemented "to prevent unreasonable advances in retail prices."

Power to check profiteering rests partly with the administrators of the farm and industries relief acts. If these carry out congress' will, they will protect consumers against the pyramiding of profits quite as zealously as they protect the producers and workers against unsound competitive practices.

Power rests also with the attorney-general. Bakers and law enforcement officers should realize that the public is particularly sensitive about profiteering in the staff of life. A long line of government investigations have shown that a large fall or rise in the price of wheat usually results in injustice to the bread-buying public.

The public is not given the full benefit of a falling market, and it carries more than its share of a rising market.

For instance, United States bureau of labor statistics show that while the price of wheat in 1932 averaged 45 per cent less, bakers cut the price of bread only 22 per cent. A senate investigation in 1931 also disclosed that bakers generally do not pass on to consumers a decrease in wheat prices.

The baking industry has justified this with the explanation that wheat is only a small part of the cost of a loaf of bread.

By the same logic, a rise in wheat prices should not materially increase the price of bread.

TURNING ON THE LIGHT

GENERAL HUGH S. JOHNSON, administrator of the government's industrial recovery machinery, promises that this tremendously important new experiment is going to take place "in a goldfish bowl."

Industrialists who devise a code for their plants must get up where everybody can see and hear them, to explain just what they believe about working hours, wages, profits, prices and the like.

This is perhaps the most wholesome part of all the "new deal."

It means that the hush-hush days at Washington are over. The lobbyist who tips-toes about the corridors, lurks in the shadows

of the capitol pillars, buttonholes congressmen on the quiet, and talks softly in the privacy of a bureaucrat's office—he has stepped out into the open, now, and all that he says and does takes place in the brightness of the spotlight.

That, anyhow, is the theory. But some of the big boys don't seem to have heard about it yet.

Washington correspondents reported that old-style lobbyists swarmed all over the capitol during the last session of congress. A sizable army of them remains there.

They are trying to work in the traditional manner: Making deals, putting on the fix, applying pressure, trading favors, exerting pull, exercising all the old tricks.

If anything is obvious, it is that the time for this sort of thing is past.

What the big business man, the financier and the company director do nowadays is strictly the public's business.

The country is embarking on a vast new experiment in economics, and it has a right to know which of its business leaders are going to play ball and which are trying to drop a monkey wrench in the machinery.

General Johnson's goldfish bowl is the only place in which lobbying can be tolerated now. Any business group that objects to what is being done is entitled to state its case there.

It has every right to voice its objections and to argue for special consideration—so long as it does it openly, where all of us can hear.

It has no right whatever to do it under cover, in the privacy of some one's inner office.

The group that continues to maintain the old-style lobby now convicts itself, automatically, of a complete misunderstanding of the spirit and purpose of the "new deal."

NEGRO VOTERS

THE Negroes are not free yet—not entirely, as the twenty-third annual report of the National Association for the Advancement of Colored People shows. But they have been making better strides toward the liberty which the Constitution decrees.

The last important step resulted from the supreme court decision upholding the right of Negroes to vote in primaries, a privilege long denied them in certain southern states. But in many places in the last — their first — primary they were barred. Relatively few seem to have voted where the doors were freely open to them.

In Dallas, Tex., Negroes were permitted to vote. Six voted at Beaumont. A few who tried to vote at Ft. Worth were turned away. At Port Arthur two Negroes attempted to vote, but were ordered away from the polls. The same was true in several other important cities. At Sherman sixteen Negroes voted.

Hundreds of Negroes voted in North Carolina. In South Carolina they were barred by a grotesque rule providing that no one could qualify as a Democratic voter who had not voted for Wade Hampton as Governor in 1876 and voted the Democratic ticket continuously since.

In Tennessee the state primary board refused to exclude Negroes. In Miami, Fla., 200 Negroes paid their poll taxes, but did not vote, because of intimidation.

The results of the first voting appear discouraging. But confirmation of the right is of extreme importance. The start toward actual voting has been made.

The rest will depend to some extent upon the determination of the Negroes themselves to exercise their suffrage.

TURNING LOSS INTO PROFIT

AN article in the American Bankers' Association Journal points out that it isn't always necessary for the man who is stuck with what looks like a bad real estate investment to take an unpleasant loss.

A New York savings bank, the article relates, issued a \$40,000 mortgage several years ago on a group of East Side tenements. Hard times came, the owner began to let his property deteriorate, tenants began to move out and presently the owner couldn't pay. The bank had to foreclose.

So the bank found itself the owner of a \$40,000 tenement block which looked as if it would be a steady loser for years to come.

But instead of taking the loss, the bank put \$40,000 more into its investment. It modernized the tenements completely, installed a new heating system, incinerators and the like, did a lot of remodeling—and now has rented every suite and is drawing in \$14,000 a year in rents. An apparent loss has been turned into a first-rate money maker.

SAVING THE PUBLIC'S MONEY

WHEN a public official rolls up his sleeves and does battle to protect the public interest he deserves a cheer or two; and a little demonstration for Interior Secretary Harold Ickes seems to be in order just now.

When the cement makers offered their first bids for Boulder Dam, Mr. Ickes threw out all bids, on the ground that they were too high and looked remarkably like the product of a combination in restraint of trade.

So new bids were submitted, and again the secretary threw them out.

Then the cement makers hinted that if he expected to get any cement for Boulder Dam he would better speak a little more softly. Mr. Ickes, however, countered by threatening to have the government build its own cement mills and produce its own cement.

So at last he got some satisfactory bids—and, as a result, Uncle Sam has saved \$500,000 on its bill for Boulder Dam cement.

Mr. Ickes seems to have a pretty good conception of the duties of a public official.

SAFEGUARDING THE INVESTOR

A. A. BERLE JR., a member of the Rooseveltian "brain trust," writes in the current issue of the American Bankers' Association Journal that investment bankers should form a sort of "committee of public safety" to scrutinize all investment banking proposals from the standpoint of public interest and to oppose all such transactions of which it did not approve.

In the same issue, a Massachusetts banker objects to the plan, on the ground that while such committee would have little trouble in passing on really high-grade issues or in rejecting issues of a frankly suspicious character, "it would have great difficulty in passing on the mass of securities between these extremes, because the final determination of

their investment value always would rest in the future."

Here, it seems, is a slight misconception of the case. Certainly no committee could be wise enough to say that any given security issue will always be worth 100 cents on the dollar. The investor always must face a certain element of risk.

What such a committee could do is make certain that securities were issued in the proper manner, based on sound assets and put on the market with all essential facts made public.

IN FULL RETREAT!

LET us find only words of kindness and forbearance for the host of dry agents who have gone on "indefinite furlough" in the interest of national economy.

Reduction of the federal enforcement staffs will be hailed as a welcome general sign of the approaching end of all the snooping, hypocrisy, corruption and police demoralization inseparable from pretenses of enforcing an unenforceable law. Repeal is on the way. Forgive and forget.

In the same day's news that told of the furloughs appeared the following dispatch: "ST. PAUL, June 28.—Andrew J. Volstead, co-author of the prohibition enforcement act bearing his name, lost his job today as legal adviser to the Eighth district dry administrator. He was indefinitely furloughed, effective July 1, along with the district administrator, Robert D. Ford, and six state deputy administrators."

Brief but significant, inconspicuous but appropriate.

How are the mighty fallen! Behold the great warriors of prohibition despoiled of their armor, the illustrious names already fading, the tents struck, the banners furled!

To many people even the great repeal procession of the states will seem hardly more striking than the trumpeting fact that Andy Volstead himself has been fired from his prohibition job.

THE "HIT-SKIP" DRIVER

EVERY newspaper in every city in America has occasion every so often to record the activities of the "hit-skip" motorist—the driver who hits a pedestrian or another car and then speeds away without stopping to make his identity known or to see how much damage he has caused.

And every case of that kind emphasizes anew the need for a strict license code and an adequate highway patrol under which it would be possible, first, to catch such drivers, and second, to rule them permanently off the road.

The driver who fails to stop after an accident proves that he is not to be trusted on the highways with a car.

If we ever are to cut down our shocking toll of motor accidents, we must find some effective way of getting the "hit-skip" chap out from behind the steering wheel for good.

"It takes a lot of patience to make good in your chosen profession," speaker told graduating class of young doctors the other day. Yes, and a lot of patients, too.

Everything should be all right in Washington if the brain trust doesn't fall victim to brain rust.

A writer says the average of honesty is greater among fat men, which probably is explained by the fact that it is hard for them to stoop to low things.

M. E. Tracy Says:

WITHIN reasonable limits, a redistribution of wealth is desirable, not because the many would get so much, but to safeguard them against concentrated power. We are not as rich as some people think, but inheritance and organization have enabled a comparative few to get control of too much of our capital.

Assuming that John D. Rockefeller is worth \$500,000,000, each family in this country would receive only about \$17, if his fortune were divided equally.

At the peak of prosperity, the wealth of this country was estimated at three hundred billion dollars. That would leave \$10,000 for each family had it been distributed equally, half of which would have been in land, buildings and equipment.

In 1929, the national income was estimated at eighty-five billion dollars, or an average of less than \$3,000 to the family.

If taking out very small amounts each year or each month, one man can acquire a tremendous fortune from the labor of 10,000 and put himself in a position to exercise great influence over their affairs. Financially, they would not be a whole lot better off were he denied the right to do this, but socially, politically, and intellectually their condition would be improved.

THE psychological effect of concentrated capital is of more importance than its economic effect.

What people want, what tends to develop their ambition and talent is a fair break at the start. A fair break is out of the question if some can begin with so much more capital than others.

Inherited capital has about the same effect on economic liberty as inherited power has on political liberty. Of the two, economic liberty is, perhaps, more essential to social health and intellectual progress.

As a general proposition, people do not quarrel with the victor in a fair race or deny him such reward as his talent deserves. They are perfectly willing to recognize strength and ability. What they are not willing to do is to permit a system which permits the favored few to start from an advanced position.

Economically, we are up against about the same problem that our ancestors were, politically. The passing of great fortunes from parents to children represents the same kind of a social disadvantage as did the passing of power.

THE menace of wealth comes largely from inheritance.

If the bulk of fortunes were confiscated at death, anything like the establishment of financial dynasties would become impossible, and we would get the benefit of a vigorous, personal leadership, without the risk of an entrenched aristocracy.

We need personal leadership in the accumulation of wealth, just as we need it in any other line, and we need the reward incentive to get it.

Inheritance, as permitted under our laws, tends to destroy that incentive. In the first place, young people who come into great fortunes feel little urge to go on. In the second, young people born in poverty feel discouraged by the obvious handicap.



:: The Message Center ::

I wholly disapprove of what you say and will defend to the death your right to say it.—Voltaire—

A Terrible Toll

Nearly 150 dead in the nation as result of July 4 casualties! That is a terrible price to pay for a day of folly. It is sad to think that a holiday should degenerate into such a slaughter.

A safe and sane Fourth has been preached for years, but nothing seems to come of it.

With the toll of life and limb taken by fireworks reduced, the auto accident toll more than makes up for it. It almost makes one wish that this holiday could be abolished.

Questions and Answers

Q—Is there much nutriment in the skin of an apple?
A—Chemists say that many vitamins are close to the skin, and some dietitians recommend that it be eaten on account of the roughage. There is, however, no more nutriment in the skin than in the rest of the apple.

Q—Is it proper to have a service of finger bowls at dinners and banquets?
A—They should be placed before each guest on the service plate for dessert.

Q—What proportion of white blood does a mulatto have?
A—One-half white and one-half Negro.

Q—How long was Edwin M. Stanton U. S. secretary of war?
A—From 1862 to 1867.

Q—Which president first received an allowance of \$25,000 a year for travel?
A—Congress instituted the annual travel allowance during the administration of Theodore Roosevelt.

Q—How much salary does the Vice-President receive?
A—The regular salary is \$15,000 a year, subject to 15 per cent reduction under the economy act.

Q—Are Japanese immigrants admitted to this country?
A—Japanese immigration to the United States is prohibited by the act of 1924. Only Japanese government officials, tourists, merchants and students may enter.

Q—When did Japan annex Korea?
A—Annexation was accomplished by the treaty of August 22, 1910.

Q—What is sterling silver?
A—An alloy containing 92.5 per cent silver and 7.5 per cent copper.

Q—Do nuts contain more protein than milk?
A—Yes.

Q—What is meant by the statement that a horse is fifteen hands high?
A—A hand is four inches and the measurement is taken at the shoulder.

Q—Where is Catahoula lake?
A—In La Salle parish, Louisiana, about twenty miles northeast of Alexandria.

Q—What are precanceled stamps?
A—Stamps canceled by the postoffice department before they are sold. They are used by business houses under special permits from the postmaster.

Q—Where will the 1936 Olympic games be held?
A—Berlin, Germany.

Q—How large is the Jewish population of New York state and city?
A—New York state has 1,903,890 Jews, of whom 1,765,000 live in New York City.

Q—Does the size of the head bear any relation to human intelligence?
A—No.

Q—State the title of the national anthem of Czechoslovakia.
A—"Kde domov muj?" ("Where Is My Fireplace?")

Q—State the amount of silver and gold in the world at the end of 1931.
A—Monetary stocks of silver amounted to \$410,046,000, and gold monetary stocks aggregated \$1,940,606,000.

Q—Is Prussia an independent country?
A—It is the largest and most influential component state of Germany.

Q—Is there little, if any, dangers in the common face powders now sold.
A—The use of cosmetics is sometimes attacked by puritanical people as an unnatural practice. On the other hand, it is also unnatural to wash off the natural oils of the skin with soap and water.

Furthermore, modern conditions of civilization expose the skin to all sorts of irritations which are in themselves unnatural, hence the use of face powder for protective purposes is legitimate from any point of view.

In fact, the use of powder no longer is confined to women, because practically all men powder the face after shaving, to protect the irritated surface.

Next: The use of cold creams.

Little Danger Found in Face Powder

BY DR. MORRIS FISHBELN

Editor Journal of the American Medical Association of Hygiene, the Health Magazine.

used in face powders are harmless. There was a time when lead acetate and lead carbonate were found in face powders, but in this country at least the practice is no longer common, if it exists at all.

In Germany, the use of lead salts in face powder has been prohibited for more than forty years. Cases still occur, however, in Japan where poor women still use lead acetate as a powder.

Some people are especially sensitive to orris root or to certain aniline substances, and, as a result, suffer from eruptions, from asthma, or hay fever, following the use of such powder, or even when in the vicinity of people who have used them.

Various oils are used as perfumes; various aniline dyes are used to produce colorings. Orris root frequently is used to fix the powder.

The vast majority of substances

BECAUSE of the increasing extent to which cosmetics are used daily by women throughout the world, it occurred to Dr. Alice Carleton of Oxford to study their possible dangers to human health and comfort.

The face powders available today include materials of various origins. Vegetable powders come from rice, wheat, corn flour, starch, acacia and tragacanth.

Mineral powders come from chalk, kaolin, magnesium carbonate, bismuth nitrate or carbonate and zinc oxide.

Various oils are used as perfumes; various aniline dyes are used to produce colorings. Orris root frequently is used to fix the powder.

The vast majority of substances

deluding themselves into a belief that they are writing about life.

There are approximately 113 million people living outside the confines of New York City. Unfortunately as it may be, it is impossible for the entire American population to be accommodated there, even with all the skyscrapers filled.

Hence most of the 113 million are getting along very happily, strange as that may seem, and engaged at any number of interesting projects. I, for one, hope the time is not far distant when the people in books will do something else besides drink and go to bed.

According to certain critics, this may be literature, but it is not life. Or, if it is, the life is not worth living.

And, God knows, we are more than tired of that million times told tale—the young hopeful who hies himself to the city and turns out heroes in which all the heroes and heroines also are struggling to write books. Indeed, the literary hero has become a frightful bore. He wants to write—heaven and earth rest on his shoulders—and he has nothing to say. And we wish he'd refrain from saying it.

JAMES NORMAN HALL expressed it when he explained that entirely too many writers hurry to Manhattan, get into a literary set, and proceed to write books about the activities of their narrow circle,

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It Seems to Me

BY HEYWOOD BROWN

NEW YORK, July 5.—John P. O'BRIEN should not be re-nominated or re-elected mayor of New York City.

The reasons, of course, are innumerable, but I am thinking just now of a single and highly special one. John P. O'Brien should not be mayor of New York, because as long as he remains in office the art of satire languishes in America.

You ask me, then, John P. O'Brien. Not even the brightest wit can score at his expense. He constitutes a combination in restraint of quips and paragraphs.

The business of making John P. O'Brien seem ridiculous is a monopoly entirely owned, operated and managed by John P. O'Brien.

A Slight Digression

THIS is a disconnected column, and the following paragraphs have nothing to do with Mayor O'Brien. We will leap from him to a fantasy about a kingdom in the long ago.

Once upon a time there lived a prince and a princess. They loved devotedly, but after a year and a day the love of the prince grew cold. He went back to his castle and left no farewell behind him.

The Princess Alicia pined and could not sleep, because of the agony of her devotion. Messages she sent by swift courier, but they were returned unread, and at last she herself rode alone to the distant castle of Prince Charming. Rudely he rebuffed her by giving out an order that the castle gate should be barred against her.

Back came the princess to cry her eyes out, and to toss through the hours and the white nights until dawn. The king, her father, despaired for the health and even the life of his daughter, since there seemed to be no cessation of her grief, and he sent, secretly, the greatest sorcerer in the land to her apartment.

"Give me, oh Merlin," she prayed, "a potion with which I may win once more the love of my Prince Charming."

The old man was sad as he looked through his herbs and shook his head.

Beyond Magic

"I HAVE," he told her, "no drugs to recreate a love which is dead. That is, a power beyond my poor equipment."

But as he spoke to her to took this and that and ground the ingredients together in a crucible, and presently he called for a beaker of pure water and poured the mixture into it, slowly muttering incantations. The water turned a ruby red and bubbled furiously along the rim of the glass. And from it came a tang not unlike country meadows in late autumn, when dead leaves are burning.

And he said to the Princess Alicia, "Not a love potion is this, but I have prepared for you the