

# CONGRESS SHIES AT TAXATION OF U. S. SECURITIES

Wealth Flowing Into Bonds As Result, Drying Capital Market.

By THOMAS L. STOKES  
Times Special Writer

WASHINGTON, May 19.—The failure of capital to flow into investment in new enterprises and industrial expansion is regarded as one of the chief deterrents today to recovery.

Men of large wealth are putting their money instead into tax-exempt governmental securities of all sorts, thus helping to dry up the capital market.

Congress could restrict this diversion by putting a stop to further issuance of tax-free bonds by Federal, State and local governmental agencies, but has failed to act.

President Roosevelt, following the example of Presidents and Treasury Secretaries for many years, has reiterated his recommendation for legislation. He pointed out that the way now has been cleared by the recent Supreme Court decision holding that salaries of Federal employees are subject to state income tax, and that state employees' salaries are subject to Federal income tax. Congress now has enacted a law for this purpose.

## Only Lip Service So Far

Some think it follows that income from Federal, state and local governmental securities can be taxed by a simple act of Congress, thus obviating the need of a Constitutional amendment which many experts previously have argued was necessary.

Yet Congress is getting nearer to the end of its session without action, despite lip service by numerous leaders who have indicated they would push a bill through before adjournment.

The suspicion has been aroused that, through delay, the end of Congress still may find nothing done unless there is more prodding of the leadership by Mr. Roosevelt.

A special Senate committee, authorized at the last session of Congress and headed by Senator Brown (D. Mich.), has done a lot of investigating, but still has not made a report. The committee, originally designated to report by March 1, got an extension of its existence until June 1.

## May Ask New Extension

Senator Brown said today that he probably would ask a further extension, though he said he and others would likely try to work through the Senate Finance Committee and seek an amendment to the anticipated bill for revision of corporation taxes.

His special committee now is said to stand 4 to 2 for a favorable report. A prediction was made today by Senator Townsend (R. Del.), a member of the special committee, that there would be no legislation this session.

The House Ways and Means Committee, where tax bills originate, has a bill before it, but nothing thus far has been done. After it completes its amendments to the Social Security Act, Rep. Robert L. Doughton (D. N. C.), chairman, plans to begin work on a general tax bill, in which the elimination of tax-exempt securities could be included.

## Clark Is Determined

Most active in behalf of eliminating tax-exempt securities is Senator Clark (D. Mo.), who got an amendment to a tax bill through in 1933, when he first became a Senator. It was thrown out in conference between the House and Senate.

Senator Clark said today that Rep. Doughton had promised to include tax-exemption legislation in the first tax bill that was sent from the House, but that he did not feel he could hold him to the promise as respects the social security tax measure, since a general tax bill is to come over later. "If the House does not pass a bill or an amendment, I certainly will offer mine in the Senate," he said. "You can count on that, and I'm certain that the Senate will pass it."

# STUDENT CASHES IN ON ROMANCE 'TO EAST'

BOULOGNE-SUR-MER, France, May 19 (U. P.).—Samuel Mercer, 19, an Oxford student from Omaha, Neb., and Lucy Joad, 20, blue-eyed daughter of an English professor, asked American and British consular officials today how to get married in France.

Mr. Mercer said that they had eloped from England after a council of both families had forbidden the marriage.

Explaining that he had sold the exclusive story of their romance to a London newspaper, Mr. Mercer added: "I have to be sordid about romance but we have to eat."

The couple were understood to be planning to go to Paris this evening.

## "DE-LUXE" SHOE REPAIRING With These Features:

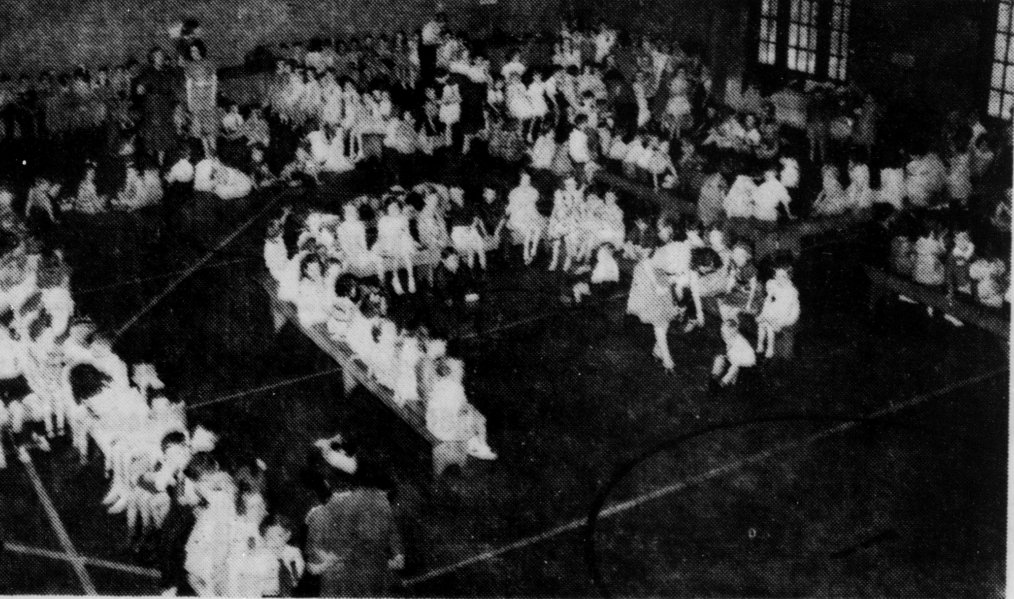
- No Nails
- Water-Proofed Cemented Shanks
- Look Like New When Finished

Our Regular Prices  
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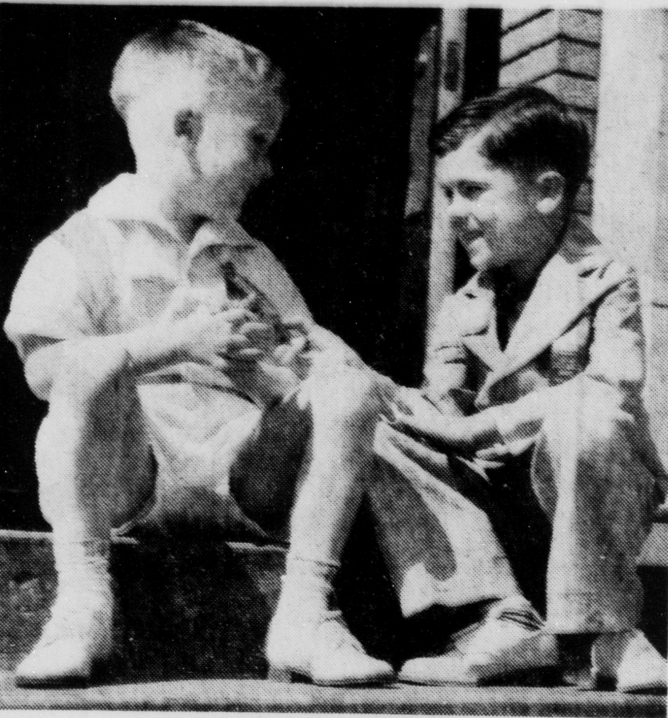
- The method used fine enough for the highest quality shoes.
- While You Wait Service If Desired.

Block's  
Downstairs Store

# Free Kindergarten's Healthiest Honored



More than 600 of the healthiest children in the Indianapolis Free Kindergarten Society were honored yesterday at the Brookside Park Community House gymnasium.



Two of them, James Saxon (left) and David Ernest Teany took time out to discuss their blue ribbons.

## Master Saxon Brags of 'Our Perfect Condition'

By JOE COLLIER

The way James Saxon put it was: "We're in perfect condition."

James was flying a blue banner that said he was one of more than 1200 Indianapolis Free Kindergarten children who won honors on Child Health Day.

More than 600 attended ceremonies yesterday at the Brookside Park Community House and as many more will be honored today. James was sitting beside David Ernest Teany.

The way you knew he was David Ernest Teany was to ask, "David Ernest Teany," he said, "that's it."

Don't Forget Pepper James put in: "And he's got a dog named Pepper."

"Yeh," said David, "and my uncle's name is Ernie."

In less than it takes to write it you had a complete set of art lines from these two blue ribbon boys who were sitting in the large gymnasium waiting for their mothers to hear a few speeches in the auditorium.

Even then the mothers still were arriving for the affair. A broken-down ice truck rattled up and a mother got out. She told papa, who was driving, when he'd have to knock off from the job of hawking ice to come get her and take her home.

Dr. Morgan Speaks A chauffeur-driven station wagon waited patiently while the arrangements were made, and then moved in. Another mother got out of it and entered the auditorium.

Besides the mothers in the auditorium were the pre-kindergarten children they had brought along for the occasion. Ushers were trying to find places for them.

On the platform were officials of the Indianapolis Free Kindergarten Society, sponsors of the affair. And Dr. Herman G. Morgan, City Health Board secretary, was the speaker of the day.

But the gymnasium. Rarely has there been so much perfectly parted hair gathered in one place before. Rarely so many spotless white shoes, and starchily little dresses, miraculously unwrinkled.

They sat in nicely suppressed excitement on benches, and waited. Sometimes they talked to each other, sometimes they got up and walked around. But mostly they just sat there and sparkled.

Two essential bits of domesticity had to wait yesterday while the health of these children was glorified.

Dinner probably was late in each home represented in the gathering, and there's no telling how many pie pies went unbaked while the kids stayed clean and prim on their own time.

JUNK DEALER IS FRANK KEOKUK, Iowa, May 19 (U. P.).—A little thing like a jail sentence didn't discourage a Keokuk junk dealer. He advertised: "Will reopen my place of business, having completed my 60 days in our county jail. Old and new customers appreciated."

Those who have enjoyed it say it's the last word in convenience and comfort. This new modern, Business Man's train—the "Executive"—enables you to leave home or office in the morning. (Breakfast ready at 8:30 am). In absolute comfort arrange details of your day's work. Enjoy a tasty luncheon and arrive in Chicago at 1:00 pm (Central Standard Time) ready for business.

You have 4 hours in Chicago—for business or pleasure—then leave for home at 5:00 pm on the Monon's famous Hoosier. Enjoy a Hoosier dinner—read, relax, listen to the radio. You arrive home at 9:15 pm having done a full half day's work in Chicago without having to be away from home over night.

AIR-CONDITIONED COMFORT Both the new Executive and the Hoosier are superbly equipped, air-conditioned trains. Modern coaches! Luxuriously outfitted, radio-equipped club-lounge car! Observation parlor car! Library service! Famous Hoosier meals and courteous, efficient stewards, waiters and porters. Enjoy this new super-service on your next trip to Chicago... the only service of its kind.

Schedule of THE Executive  
Lv. Indianapolis 9:00 am  
Lv. Boulevard Sta. 9:12 am  
Ar. Chicago 1:00 pm  
4 HRS. IN CHICAGO  
Schedule of THE Hoosier  
Lv. Chicago 5:00 pm  
Ar. Boulevard Sta. 9:00 pm  
Ar. Indianapolis 9:15 pm

Notes: The "Executive" connects at Chicago with the new Streamline train for the West.  
For reservations phone F. V. MARTIN  
General Agent Pass Dept., Lincoln 6004

MONON ROUTE

# 'BIG BUSINESS' HAS OWN FUNDS

Needs Slight Financing From Outside, TNEC Inquiry Shows.

WASHINGTON, May 19 (U. P.).—The Temporary National Economic Committee was convinced today that most major industries meet their financial requirements without tapping public money markets.

Completing the first phase of its "savings and investment" study, the Committee heard that since 1922 all industries have relied upon capital markets for only two billion dollars of new savings in any one year for the purchase of new plants and equipment.

That figure was presented in contrast to figures showing that all industries spent \$8,500,000,000 during the period 1923-29, and \$8,800,000,000 in the years 1930-37.

Oscar L. Altman, Securities and Exchange Commission expert, testified that "to the extent that business enterprises set aside depreciation and depletion funds, they need not seek new savings from the capital markets to finance their expenditures for new plant and equipment."

In years of peak activity," he said, "they drew new savings from the capital market approximating \$2,000,000,000. In years of lower business activity they either do not draw upon new savings of individual and institutional investors, or they may actually contribute funds to the capital market, either by paying out dividends in excess of earnings, or by converting depreciating depreciation and depletion allowance into bank deposits or securities, thus, making them available to other types of investors."

After hearing the executives of four big corporations testify that their companies had indulged in little outside financing, the Committee delayed until next week the presentation of testimony by Federal, state and private experts on economics. Among the witnesses will be Assistant Secretary of State A. A. Berle Jr., Harvard Professor Donald H. Davenport, and William R. White, superintendent of banks of New York.

FORTUNE WRONGLY READ CLEVELAND, O., May 19 (U. P.).—Marriage within three months wasn't the good fortune that Detective Peter Merylo expected. For making that prediction to him, Merylo arrested Dolores Reese, 37, and charged her with telling fortunes. Merylo has been married 10 years and has two daughters.

# Horse Play

Thief Loses Race With Mountie in Loop Traffic.

CHICAGO, May 19 (U. P.).—The Mounties (Chicago variety) got their man—with the aid of a squad car.

Mounted Policeman David Mills saw a man dart out of a "Loop" store with a box of silverware. He spurred his horse into the chase.

The thief jumped into a taxi-cab as he was about to be overtaken. But luck was on Mountie Mills' side. The cab had to stop for a traffic light, and Mountie Mills drew alongside.

Not to be outdone, however, the thief leaped from the cab, left the silverware behind, and ran through traffic. At this point, a squad car drew abreast of the thief and captured him. The silverware, valued at \$75, was recovered.

Officer Mills' horse got an extra lump of sugar and the thief, a paroled convict, got his name on the police register.

# WHEATLEY Y. W. WAITS PARLEY

Annual Industrial Institute Attracts Delegates From Three States.

The ninth annual industrial institute for Negro women will be held at the Phyllis Wheatley Y. W. C. A. tomorrow night and Sunday. Women from Indiana, Ohio and Kentucky are to attend.

The institute is sponsored by the Industrial Federation, composed of five women's clubs of the Y. W. C. A.

Speakers during tomorrow night's dinner and first session will include Earl Buchanan, secretary and treasurer of the National Malleable Iron Works, and Bradley Haight, director of the State Employment Bureau. Miss Mary Grissom also will speak.

Mrs. Josephine Taylor will preside. There will be a sunrise service at 6:30 a. m. Sunday, followed by a breakfast. Speakers will include Mrs. Augusta Cosby and Mrs. Edith Ellis, industrial workers. The final speaker Sunday morning will be Dr. J. W. Jackson of the State Health Board.

Mrs. Meredith Nicholson Jr. and Dr. James Peeling, professor of the Butler University Sociology Department, will speak Sunday afternoon.

# Block's DOWNSTAIRS STORE WHERE THE FASHION WISE ECONOMIZE

Up-to-the-Minute Memorial Day Modes at Prices That Fit Your Budget!

## New White Felts 1.98



Also at This Price:

- White Straws
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## We Chose Only the Most Flattering Natural Leghorns



In Schoolgirl Brims or Picture Brims

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- Other Straws at This Price in:
- Sport Brims
- Wide Brims
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## WHITE STRAWS, FELTS



Also WHITE CREPE TURBANS

## 99c

- Sport Brims
- Draped Turbans
- Picture Brims
- Small Hats

# BRITISH QUADS SORRY FOR CANADIAN QUINS

LONDON, May 19 (U. P.).—The Miles quadruplets are sorry for the Dionne quintuplets.

They enjoy the freedom denied to the Canadian quins and live like normal children in their cosy home in St. Neots with their parents and elder brother. Ernest, Michael, Paul and Ann, now sturdy, unaffected 3-year-olds, can be seen almost any day trotting down the street to meet their brother Gordon coming home from school.

# ADD SIGNS OF TIMES

CLEVELAND, May 19 (U. P.).—Not all college students are jitter-bugs. Large numbers have, in fact, gone cultural, as shown by the fact that 640 Oberlin College students came here for the Metropolitan Opera.

## TWO-STATE HOUSE BURNS

MONT AIRY, N. C., May 19 (U. P.).—A two-state house four miles north of here has been destroyed by fire. The large, two-story frame house was built exactly on the state line between Virginia and North Carolina.

# Block's

## DOWNSTAIRS STORE

Suggests That

## NOW'S THE TIME TO BUY YOUR STRAW HAT

Men's New 1939

## SAILORS

1.00

With ventilated crown and flexible brim!



## SOFT BODY WATER-PROOF HATS

1.00

Young styles in headsizes for all men!



## MEN'S POLO REED SOFT STRAWS

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A new open weave for coolness in colors, as well as cream, tan or gray.



Escalators to the Wide Aisles in Block's Air-Conditioned Downstairs Store

## Men! We've Complete Stocks of FORTUNE'S WHITE SHOES



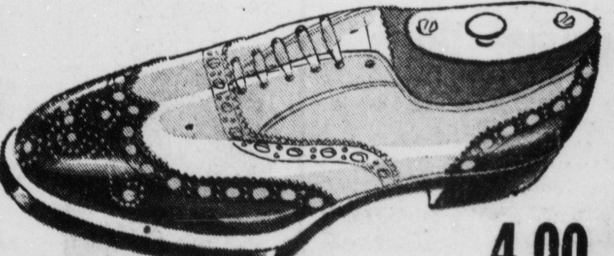
WHITE ELK VENTILATED OXFORD with soft toe, flexible oak soles and rubber heels! Men's sizes 6 to 11.



THE RALEIGH—White velvet buck in smart new medal-lion tip style with leather heels! Men's sizes 6 to 11.



THE SAVOY—A conservative straight tip oxford with rubber heels—an all-around style that can be worn anywhere. Men's sizes 6 to 11.



THE CAMBRIDGE—Black calf and white rugby buck in a wing tip and perforated toe style for sport or dress. Also in brown and white. Men's sizes 6 to 11.

Also Other Styles in Sport Combinations

Escalators to the Wide Aisles in Block's Air-Conditioned Downstairs Store