

According to the Cartoonists

Chapin in the Philadelphia Public Ledger



Quaking ground

From Gertrude L. Snyder, Coatesville, Pa.

Marcus in the New York Times



"And everywhere that Mary went"

From Miss Dora Albert, New York, N. Y.

Rose in the New York Evening World



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"Hey! You're under arrest!"

From D. S. Imrie, New York, N. Y.

Kirby in the New York World



"Better let papa read it first"

From E. K. Van Alstyne, Kinderhook, N. Y.

wreck, as many more in an explosion, wrestled with a typhoid epidemic in a city, taught first aid to a quarter of a million people, trained over seven thousand girls and women in home hygiene, and so on, and so on—a long list of things done here, there, and everywhere.

The American Red Cross is a National institution in its Governmental affiliation, its universal field of work, and in the make-up of its membership.

Akin to the Red Cross work is the annual Christmas Seal Sale. The Outlook has a special feeling about this, because it helped, through Jacob Riis, to introduce the custom. Now seals are sent out by the National Tuberculosis Association and, by their sale and distribution on letters, help in the great fight against the white enemy.

The Basis for Railway Valuation

HAVE the courts granted to public utilities the right to base the valuation of their properties on the cost of reproduction? If so, then in a growing country these utilities can charge the community for value that the community has created. That means, for example, that when people pay a railway for transporting goods they pay it also for its privilege of owning property the value of which has been increased by the industry and development of the people themselves.

In an article in The Outlook for October 5, entitled "One Man Beats 150," Hugh Russell Fraser said that the United States Supreme Court on six different occasions "had upheld the 'reproduction new' theory." In a letter to The Outlook Ganson Taggart, City Attorney of Grand Rapids, Michigan, takes issue with this statement. He writes:

I have been engaged in rate litigation for some nine years past, representing the public as opposed to various utilities. One of the hardest problems we have had to meet was the propaganda of the utilities seeking to impress upon the public that the courts had granted them and had established their right to a reproduction valuation. They state this so often that they not only mislead the public but eventually come to believe it themselves.

Mr. Taggart's letter is too long to quote in full; but by citation of opinions it seems to establish his contention.

In the Southwestern Bell Telephone case, for instance, the Supreme Court said that it was "impossible to ascertain what will amount to a fair return upon

properties . . . without giving consideration to the cost of labor, supplies, etc., at the time the investigation is made." The Court also took into consideration "probable future value." In another case—that of the Georgia Railway and Power Company—the same Court declared that "the refusal of the Commission and of the lower Court to hold that, for rate-making purposes, the physical properties of a utility must be valued at the replacement cost, less depreciation, was clearly correct."

In still another case (Newton vs. Consolidated Gas Company) the Master, who was upheld by the Supreme Court, said that the company's "rate of return should be calculated, not upon the present high reproduction cost of its property, with or without deduction of observed or actual depreciation, in whatever manner computed, but upon the actual, reasonable investment in the property devoted to the service of the complainant's customers."

In one case William Jennings Bryan actually argued for reproduction cost as a basis of valuation. This was at a time when reproduction cost of most railways was less than the investment. The Supreme Court rejected the plea and specifically mentioned several factors that should enter into the estimate of a fair value.

The Danger to the Investor

THOUGH Mr. Taggart believes that much can be said for original cost as a basis, as that "safeguards the investor, assuring him a return on money actually spent for the public service, and requires the public served to pay no more than a just return on such investment," the Court, as he views it, "has squarely held that neither original cost nor reproduction is the basis for a proper valuation; but a 'reasonable judgment having its basis in a proper consideration of all the relevant facts.'"

Mr. Taggart shrewdly adds: "The danger to the investor, should reproduction really be the basis, is so patent that it would seem no company in good faith could properly urge it, as the investor in such case stands, if prices go down, to lose his investment."

In commenting upon the points made by Mr. Taggart Mr. Fraser writes: "The examination of six public utility cases taken on appeal to the Supreme Court—notably that of the Indianapolis Water Company—reveals that the Court has held that 'dominant weight' should be given the 'reproduction new' estimate.

If railroad attorneys are erroneous, as Mr. Taggart points out, in asserting that such a position by the Court is an affirmation of their 'reproduction new' viewpoint, then most certainly I am glad to note the fact; for it further strengthens the position of the advocates of the prudent investment theory."

Out of Russia

THOSE who come out from Russia generally bring with them the opinions and impressions they had before they reached that country. A recent meeting in New York City listened to reports from delegates who visited Russia as representing American trade unions. This committee was not officially sent by the American Federation of Labor, and its report does not represent the Federation's views. In fact, the Federation, we understand, has positively repudiated the committee's claim to represent organized labor.

One radical member of the delegation said he could find nothing to criticize, and the report generally painted conditions in Russia in the brightest colors.

On the other hand, Mr. S. B. Axtell, who is a member of the International Seamen's Union, differed as far as could be conceived from these rosy views of the Soviet experiment. He said (over the radio, for he did not attend the meeting) that law as we understand the word does not exist in Russia; that thirty-five persons in a committee dictate law and conduct for the people of Russia; that the Russian idea of liberty as it is held today is the reverse of the Anglo-Saxon idea. Mr. Axtell wrote in reply to the invitation to attend this meeting: "I will agree with you that Russia is an interesting country, but to me it was the most dismal and unhappy place I ever was in, and I hope that the kind of government they are endeavoring to build will be confined to the Russian territory forever."

"What Is that Bright Star?"

THOSE who are astronomically inclined have frequently been asked this fall to identify the brilliant star that is seen each evening in the southeast and south; also the dazzling star that glitters in the early morning skies. They are the planets Jupiter and Venus, and, of course, there is nothing of scientific news value in their presence, for these two have many times occupied the same positions since the stars first commanded the attention of man. The stars—dis-