

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

**H**AVE 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

**T**HOUGH 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

**T**HOSE 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?"

**T**HOSE 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-

tant suns—are relatively fixed, but the planets occupy these conspicuous positions only a few weeks or months at most at a time.

Jupiter has got into astronomic news of late—astronomers have been taking his temperature. Through a telescope of medium power Jupiter is seen to be ringed with roughly parallel bands. Until comparatively recently it was taught that these betokened a red-hot world, especially because of the presence of an immense round brick-red area known as the “Great Red Spot.” We now know, however, that the most of what we see on Jupiter is cold—frigid, in fact—being about 225 degrees below our familiar Fahrenheit zero.

What do we see on Jupiter? Clouds of gas in turbulent agitation, icy winds that blow at the constant rate of over two hundred miles an hour—these are what hide the actual surface of Jupiter. The physicist Coblentz, of the United States Bureau of Standards, has measured the temperature of these gases by means of the same delicate apparatus used for measuring that of Mars, the vacuum thermocouple, and found that it revealed the intense frigidty of the giant planet. It seems pretty conclusive, therefore, that these gases are those which do not liquefy at the temperatures ascertained; and only such inert gases as oxygen, helium, and neon will answer to that description. There is indirect evidence, however, that the solid globe far beneath this deep cloud is at least warm.

To discover that ideas imparted to us in our youth are essentially wrong is something of a wrench, hence the recent determination that three other members of the sun’s family—Saturn, Uranus, and Neptune—are equally frigid on the surface may also upset some of us.

Before Jupiter gets out of convenient reach after November those who can lay hold of even common opera-glasses would do well to focus them on his orb, for the expected purpose of seeing, not of course his interesting surface markings, far beyond the power of such a glass, but his satellites. Of the nine, four may thus be seen with ease, for they are all about the size of our own moon. It was these four tiny dabs of yellow lying near Jupiter that gave Galileo his first discovery when in 1610 he completed his famous telescope.

If we look with our little glass at Venus early before the dawn we shall see, nearly as well as astronomers can see with any telescope, all of her that



Underwood & Underwood

**PROFESSOR WARDEN, OF COLUMBIA, AND THE DOG WHO PASSED A PSYCHOLOGY TEST**

**Fellow, a German shepherd dog, understands between 300 and 400 words and has been given the rating of an eight-year old-boy**

is visible. For Venus, incongruously enough, is always clothed in a thick garment of clouds and hides well most of her secrets. To many, however, she offers one surprise—when magnified her shining figure is seen to be a crescent, like the new moon. Few, by the way, know that Venus may be clearly seen at midday with the unaided eye, if one knows where to look.

**A Prosperity Prediction**

THOSE who have the feeling that prosperity comes and goes in cycles are apt to shake their heads when we have had several successive years of good times, and to predict an early impending reversal. This has a certain measure of reason—a high-peak level cannot be sustained indefinitely. But those close to the large movements of finance and commerce weigh and measure actual conditions rather than theories.

If any one should be in a position to judge of the indications, it is the banker. At the annual meeting of the American Bankers Association, at Houston, the view, as gathered by a correspondent of

the New York “Herald Tribune,” of many influential bankers concerning the probability of continued prosperity was encouraging. One element that weighed with them was the fact that farmers will get better prices this year than for some time past. One banker put it in this way: “Probably for the first time since 1920 agriculture is catching step with industry. If this pace can be maintained, I see no reason why business cannot continue to go forward.” Another was pleased at knowing that the farmer has become more businesslike and is more inclined to work out his own problems than to leave them to politicians.

It is true that there has been some decline in activity in certain industries, but this is due, it was thought, to excessive activity in the immediate past, which has in some directions overdone production. Apart from lesser indications and temporary aspects, these bankers, who come from every part of the country and know about every kind of commercial activity, feel confident that even though 1928 may not be able to maintain the peak reached by 1927, it will be free from serious disturbances.