

Capital Journal

Salem, Oregon
An Independent Newspaper Published Every Evening Except Sunday

Telephone 31; News 32

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BIBLE THOUGHT FOR TODAY

A good man obtaineth favor of the Lord: but a man of wicked devices will be condemned.—Proverbs 12:2.

Selling "Water"

Dodge Brothers' automobile business was recently purchased by a Wall street banking syndicate known as the "Dillon-Read group" which paid \$140,000,000 for the property. The balance sheet of Dodge Brothers showed assets of \$102,000,000, so that the purchasers paid \$44,000,000 for "good will."

The Dillon-Read syndicate immediately placed on the market for sale \$160,000,000 of Dodge Brothers' securities, retaining control of the common stock themselves. If the securities sell at par as they have been doing, the investing public will have refunded the original \$146,000,000 investment plus a profit of \$14,000,000 and presented the control of the plant to the syndicate for underwriting the purchase.

The assets of Dodge Brothers remain \$102,000,000. Goodwill is an intangible asset and represents \$44,000,000 "water" to the original owners. The investing public is refunding this \$44,000,000 water and also purchasing an additional \$14,000,000 watered stock for the profit of the syndicate, paying \$160,000,000 for assets worth \$102,000,000, or a total of \$58,000,000 water, without anything to say in control of the property.

If the Dillon-Read syndicate is successful in unloading, it will have made a profit of \$14,000,000 and control of a great corporation, without having added a penny to its earning power, or having a penny of its own invested in the enterprise. If business remains good and dividends continue, the common stock, representing water, will appreciate in value and can be disposed of to the public for millions in additional profit to the promoters. Or a merger may be effected with other automobile concerns and the whole process of watering repeated on a more gigantic scale. Or more money may be made in wrecking and reorganizing, the public as usual holding the sack for the speculators.

This is what is called "high-finance" and is in general the plan followed in Wall street flotation. Trusts, from the steel trust down, railroads and public service companies, great industries and enterprises of all sorts, through its operation, drift into control of the big speculative bankers and become their prey.

Yet there are people in Salem who prefer to invest their money in enterprises thus watered, financed and controlled, than to invest in a home enterprise managed by home people that will create local payrolls, develop the country and provide farmers a profitable crop, such as the proposed linen mill. Probably more money has been locally invested in such securities since the campaign for the linen mill was launched, than has been subscribed for stock in the mill.

Official Idiocy

Congressmen raised their salaries to \$10,000 a year, presumably because of the remarkable business ability demonstrated in the new postal rate law, passed after months of weighty consideration and due deliberation. Some features of this bill are set forth by H. L. Mencken in the Baltimore Evening Sun, under the caption of "Government by Jackasses", as follows:

If I desire to send a magazine to a friend in the city, and it weighs eight ounces, the postage, at the new second-class rate, will come to 4 cents. But if the magazine weighs twice as much, i. e., a full pound, I can send it to the same friend as fourth-class matter for 7 cents—5 cents postage and 2 cents service charge. In other words, it costs a cent less, under the new rules, to send a pound than it costs to send half a pound.

Meanwhile I am still able to send an eight-ounce magazine to Cape Town, Montevideo, Khartoum or Singapore for 1 cent—exactly half the cost of sending it to an address in this city. Suppose I desire to send a magazine weighing one pound and one ounce to Warsaw, Berlin or Athens. The postage will be 9 cents. Suppose, now, I want to send the same magazine to Chicago. The postage will be 14 cents! To San Francisco 24 cents!

Turn now to first-class matter. If I register a letter to Bombay, India, I must pay 15 cents—5 cents postage and 10 cents registration fee. But if I register one to Cantonville I must pay 17 cents—2 cents postage and 15 cents registration fee.

Under the old law 4 cents a pound was the rate on magazine dropped at any package box to any postoffice in the United States or its possessions. Now if the package weighs less than half a pound, the rate is 16 cents a pound, an advance of 300 percent. If it weighs over 8 ounces, it cannot be dropped in a mail-box, but must be carried to the post-office and sent by parcel post. In addition to the postage, from 5 to 12 cents for the first pound is a service charge of 2 cents, evidently for bringing the package to the postoffice, but there is no service charge if the postman goes after the package on rural delivery routes.

Of registry and delivery fees, Mr. Mencken remarks:

The new domestic registry fee is 15 cents—and the government's liability is limited to \$50. If you want to register anything worth \$100 you must pay 20 cents. Well, for the same 20 cents the postoffice will make a special delivery, day or night, of any package weighing not more than seventy pounds. That is to say, it charges 15 cents for registering an ordinary letter, but for 20 cents it will turn out a special messenger at 11:20 p. m., load a seventy-pound package on a truck, and give it a rush trip, personally conducted, to your house!

In brief, the more the service, the less the government charges, and the less service the higher the charges, while the city man pays for service the farmer gets free, in order to win political favors for congressmen, which leads Mr. Mencken to remark:

Try to imagine the officers of any private corporation belaboring the public with such imbecilities! But when the government engages in foolishness, no one complains. And why? Simply because no one expects the government to conduct its affairs intelligently. Simply because we have all got so used to official idiocy that it seems normal and inevitable.

FRENCH FACE REAL REVOLT IN MOROCCO

(Continued from Page One)

Krim's forces are regarded as determined and serious, there is no apprehension as to the result. The French forces, military experts point out, got through to Fez 20 years ago, when all Morocco was against them. Today all Morocco is pacified except the territory of the Rif and when the time comes for Marshal Lyautey to order his columns across the Ouergha river, the French authorities predict that Abd El-Krim will find it convenient to retreat as fast as he can.

The plan of the Rifians seem to be to invade the territory of tribes which have submitted to France and to induce those tribes to rebel or else to pillage their country. In most cases, these tribes will have no other course than to join the rebels it is believed. It is admitted that while Abd El-Krim has no apparent chance of ever reaching Fez he will be able to give the French considerable trouble, necessitating the strengthening of French forces throughout northern Morocco at heavy expense in order to quell the revolt.

TODAY'S CROSS WORD PUZZLE

HORIZONTAL

- Performed
- Save
- Royal Engineers (ab.)
- Owing
- Either
- Same as easy
- Everyone
- Obadiah (ab.)
- Coarsely ground grain
- A conception
- Old Saxon (ab.)
- Brown along
- Tricycle (ab.)
- Part of verb "to be"
- Limb
- British India (ab.)
- Condition
- Moist

SOLUTION OF YESTERDAY'S PUZZLE

BAY STATE
OR HARBOR
OC ANY R
THE KEG
SERFDALD
RE B TAR
A ROD NO
SHREWD CO
HERDS REL

VERTICAL

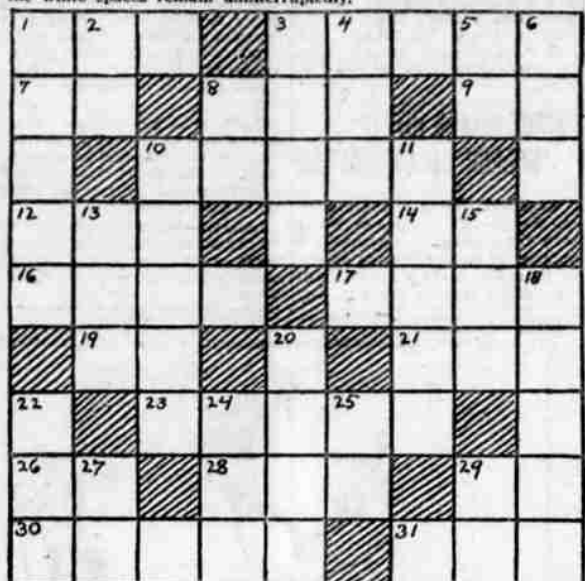
- Visionary idea
- That is (L. ab.)
- Thickly branching shrub
- Man's name
- North (ab.)
- Not wet
- First note in musical scale
- To hold
- To warble
- Fifth sign zodiac
- Insect
- Old time (poet)
- Discipline (ab.)

HOW TO SOLVE THE CROSS WORD PUZZLE

The way to solve the Cross Word Puzzle is to fill in the white squares of the diagram with the words which agree with the accompanying definitions. The definitions are numbered to correspond with the numbers on the diagram.

Any word defined in the text under "HORIZONTAL" will begin at its number, shown on the diagram, and will extend all the way across to the first black space to the right of that number. That is, the word must begin in the square that contains its identifying number, and extend as far as the white squares continue uninterruptedly.

Any word defined under "VERTICAL" will also begin, in the white space that contains its number, but will extend downward as far as the white squares remain uninterruptedly.



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- Head covering
- New Mexico (ab.)
- Saint (ab.)
- Exist

BRINGING UP FATHER



By George McManus

BARNEY GOOGLE AND SPARK PLUG

Appearances Alter Cases

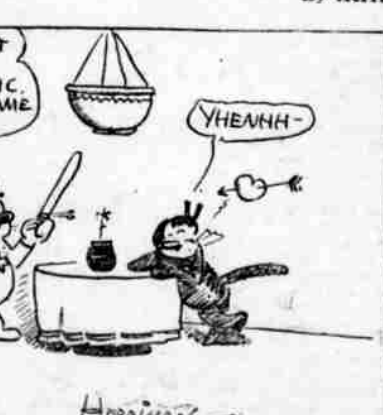
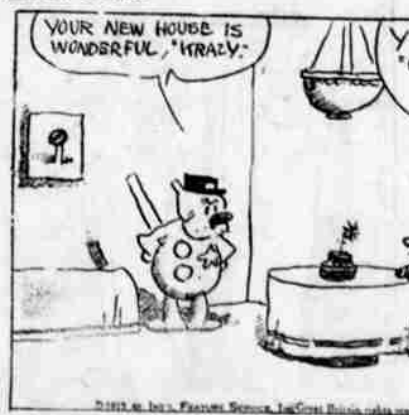


By Billy de Beck

KRAZY KAT

The Appraising Kop

By Herriman



MUTT AND JEFF

Did Jeff Deserve this Kick in the Pan?

By Bud Fisher

