

LAS VEGAS AGE

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SATURDAY MORNING, DECEMBER 28, 1929

THE PRICE OF POWER.

THE AGE fears that the proposal to boost the price of Boulder Dam power by twelve hundredths of a mill per kilowatt hour will not work to the advantage of the state of Nevada, and especially will not be of advantage in developing the natural resources of the state.

The Interior Department has studied the question to minutest details. Secretary Wilbur, in an Associated Press dispatch printed in this issue, says that in his opinion 1.63 mills per kilowatt hour is the highest price competition will justify. It is obviously to the interest of the entire state that contracts for the power be made so that the construction of the dam can proceed promptly. If the 1.75 rate will result in further uncertainty and delay, that idea should be abandoned.

But it was not that particular feature of the problem we had in mind in writing this editorial. What we in southern Nevada have always believed to be the wise policy for the state is to secure power at the lowest possible price.

If we can secure an allocation of 100,000 or 125,000 horse power for use as and when we need it at the price of 1.63 mills, we have a decided advantage in competing for industries and in the development of our vast stores of non-metallic ores. The attraction of one great plant to his state would mean the investment of millions in taxable values and the creation of large payrolls which would stimulate other lines of business and create other taxable investments.

One great industry would create an income for the state treasury as great as the most optimistic booster for revenue only could hope for from a possible profit on power transmitted and used in another state. It is estimated that the use of 100,000 horse power in a community would add something like \$200,000,000 to the taxable wealth of the state—approximately double the present assessment rolls of the entire state.

It is not surprising that those in the northern part of the state should think first of the direct revenue to the state treasury and not give such serious attention to the vast wealth to be created by the utilization of power within the state. But to follow such a policy would, we fear, leave Nevada permanently in her present state of undevelopment and with a well nigh hopeless future before her.

And when one comes to figure it from the state treasury standpoint, it does not amount to such a sum as to justify endangering the development of the state. The difference between 1.63 mills and 1.75 mills is .12 mills.

Assuming that the additional rate of .12 mills per kilowatt hour is applied to the entire output of the dam, three billion, six hundred million kilowatt hours per annum, the additional revenue would be \$432,000 per annum.

Of this \$432,000 per annum, 62 1/2 per cent, or \$270,000 would go into the fund for the development of projects in the upper basin states. The remaining 37 1/2 per cent, would be divided between the states of Arizona and Nevada, giving \$81,000 to each.

And, it should be remembered, that this direct revenue to the state treasury is more or less speculative and surrounded by certain indefinite qualities which possibly might largely eliminate it.

But the use of power within the state would create wealth of a tangible, perfectly definite quality which could not get away from the assessors.

ARIZONA WILL CONFER.

GOVERNOR PHILLIPS' Christmas Eve wire to Secretary of the Interior Wilbur, that Arizona will be glad to resume Boulder Dam negotiations with California and Nevada, was a message of peace and good will with a string attached. The Governor's acquiescence to Secretary Wilbur's wish was conditional. He wants negotiations taken up where the Washington conference left off last June, which might be done without embarrassment to any interest, and he wants the new conference to meet in Arizona.

The latter demand calls up memory of a meeting of commissioners of the three states called for Phoenix, a few years ago, and how when those from California and Nevada had arrived the Arizona commissioners in effect left them to hold the conference by themselves. No objection to meeting in Arizona need be raised now; but the promise should be extracted that when representatives come from Washington and California and Nevada, and likely others from the states of the upper Colorado River basin, Arizona also will be represented and ready to sit down in serious counsel with them.

Wherever the meeting is held—and the place isn't important—it is to be hoped those sent to represent the states and the Federal Government will enter with a full realization of the responsibility that rests on them. At this time Boulder Dam means more than the original purposes, however great they were. The dam still is needed at the earliest moment it can be built, to check the seasonal floods of the river and protect the lives and property of the thousands living in the valleys along its course; it is needed for storage of water for irrigation and domestic uses and for generation of power, as planned, and in addition is the new need, the employment and stimulation of business in the Southwest that will result from the work construction.

Year End Reviews of World Events—Finance

By ELMER C. WALZER (United Press Financial Editor) NEW YORK, Dec. 27. (U.P.)—Stocks on the New York Stock Exchange, the New York Curb Exchange and markets all over the world carried to new record prices for all time in the past year, attaining their peak on September 3. Then followed a break of such scope that the financial situation of every nation was shaken.

Prices are rallying as the year closes and through efforts of the administration at Washington, a panic of proportions never before seen was averted in the business world. The outlook for 1930 is for continuation of strength in industry. A few industries are expected to show marked recessions from 1929, but enough others will forego ahead of the past year to more than offset the declines.

The stock exchange issues having been reduced in market value more than \$50,000,000,000 by November 13, when the industrial and railroad averages touched new lows for the year, are in a position to profit by any favorable news respecting their companies. Confidence has been restored and speculative buying has resumed.

The break which carried stocks down 20 to nearly 400 points and broke the industrial average as compiled by Dow, Jones & Company 130 points from the high touched on September 3 cost many Americans their fortunes. The great middle class which had played the market so successfully in the year lost not only profits, but capital too, for these people tried to keep their stocks through the reaction and were wiped out.

Causes of Debacle There has been no comparable decline in the annals of the speculative world. Never before had so many small investors and speculators played the markets. Never before had prices broken so sharply or so swiftly.

The causes of the debacle date back to the first of 1929. At that time the Federal Reserve board saw the storm clouds gathering and issued a startling warning in February. Prices broke. But the rank and file of small traders ignored it. Prices soon were back in the bull swing—the Hoover market: that had been in progress since the presidential election.

Meanwhile in the realm of business prosperity never before equaled prevailed. Business men, unlike stock speculators, had learned a lesson in 1922 and 1923, however, and they kept stocks low and used discretion in buying. That saved business when the stock market broke. It was the first market panic in the history of the United States that did not result in a business panic.

Simultaneous business progress and heavy stock market operation had a telling effect on the money market. Call Money Tightens Brokers' loans used to finance stock market operations steadily advanced, setting new records for all time. Call money tightened but it had no effect of note on stocks. In March a crisis came with money on call rising to 20 per cent.

The situation prevailed until near autumn. Then in the latter part of July so much gold was leaving London that in August the Bank of England was forced to raise its discount rate. About the same time the New York bank raised its rediscount rate and the market broke badly. But like all other breaks before a substantial rally set in that lasted until stocks had made a peak for all time shortly after Sept. 1.

About that time came the Hatry failure in London. Thousands of British and European stockholders in the Hatry company, a huge investment trust, lost millions of dollars. They immediately began to sell their holdings in the American market. This persistent selling undermined prices and despite every attempt at a rally the decline continued.

A short time before these events, the Massachusetts Public Service commission refused to grant the Boston Edison company permission to split its stock, declaring the stock was not worth the price at which it was selling. This brought a sharp decline in Boston Edison and seriously affected the utility stocks in general. Constant pressure against this class of stocks whose position already had been impaired by the foreign selling.

During the selling wave brokers' loans advanced steadily until they reached a record for all time above \$3,000,000,000 on September 30. Bankers Powerless Many of these undressed securities represented new financing or initial financing for investment trust companies which were growing like mushrooms. The market break was the test of the value of these investment trusts. In a rising market they had made money and were expected to be able to bring stability by their buying operations. Traders placed a great deal of faith in the trusts, but the strain was too great even for these wealthy institutions.

All the billions in Wall Street could not stay the break when it once gathered momentum. When selling was at its height and things looked blackest in the financial world, the biggest bankers in the world hurriedly met in the offices of the Morgan company and discussed the situation. The best the bankers could do was to help make a market for stocks where none existed. Once the break got under way, the selling spread like a forest fire. In a few weeks the brokerage loan total was back to where it was early in 1928. Call money got down to 4 per cent and was beginning at 3 in the outside market. Fears were expressed that business would suffer and these added to the gloom. It took the market five years to get where it was and less than five weeks to ruin the entire structure.

Hoover Conferences Rock bottom was hit on November 13. From that day until the second week in December prices rallied until the industrial average was 40 per cent above the low of the year. Then came another week of technical correction, for it was argued the rise had been too rapid. President Hoover immediately took the matter vigorously in hand and brought the best economic talent in the country into conference to determine what could be done. These conferences with business men representing all lines brought out that fundamental conditions were sound; that the break had been in the stock market alone and that it had nothing to do with business. Very few failures resulted from the stock market break. Only one small stock exchange house and two small curb exchange houses went by the board. A few speculators took their lives.

After the market break, the construction period brought quick reduction in call money rates, a shrinkage of 50 per cent in the brokerage loan total; greater proportions of pure investment buying of securities for cash; a rising bond market; lower rediscount rates here and abroad.

What caused the greatest stock market crash in history? What is the outlook for American business for 1930?

Who stepped into the forefront and saved the United States from a panic caused by the great stock market crash? These questions are answered in the accompanying year's review of finance by Elmer C. Walzer, United Press financial editor.

COEDS IN FOR SPORTS

NORTHFIELD, Minn., Dec. 27. (U.P.)—Twenty-eight co-eds have been named new members of the Carleton college athletic association, according to announcement by a faculty committee. To qualify for membership in the association women students must earn at least 100 points in sports.

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Juarez Boy Spanks Dad

EL PASO, Tex., Dec. 27. (U.P.)—Revenge burning in his breast after each spanking his father gave him, Frederico Guerrero, Juarez, Mexico, has claimed his attainment of manhood with a reversal of form. "Papa, I whippa you now," said Frederico. "Many times you make me hard for me to sit down when I was kept like that. You don't ever need whip me. I was good boy." With those words the "child" who had bent over so many times to be on the receiving end of paternal advice picked up his father and spanked him. The father, whose strength had kept him master of his house for many years, was surprised but not beaten. He stumbled out of the house down to the police department. Frederico was jailed on a charge of assault.

LAMB OPENS STOCK SHOW

STOKE-ON-TRENT, Eng., Dec. 27. (U.P.)—Sir Joseph Lamb, M. P., opened the first fat stock show organized by the Stoke-on-Trent Fat Stock society. Months before they were published. Now and then, to give them some up-to-date aspect, it is noted that certain phases of the succeeding fiscal year also are reported on. The Adams report, for instance, includes a description of fleet operations up to November 15 of this year.

Careful

Yet this is not necessary. It's just a habit department report. Officers fall into of projecting their accounts forward if they feel so inclined. And if there is any departmental activity of a controversial character which has filled the news columns for weeks during the six-month period after the end of the preceding fiscal year, you are almost certain to find no mention of it. Take the Adams report again, by way of illustration: "The naval matter of greatest public interest since he took office lay in preparations for the London naval conference. Yet his report merely says that certain data for use in that connection was compiled by navy experts."

It is very important that the next conference should succeed. Who needlessly causes further delay of this great work, upon which so much in the present and future depends, will take upon himself a serious responsibility. Greatest care needs to be taken in the selection of those that will be the spokesmen for their states and communities. They should be men of judgment who know when to stand firm and when to compromise, not doctrinaires, one-idea men, or those that have a secret object to promote.

Of course Boulder Dam will be built in any event. The worst that can happen is delay. But at this time delay would be a serious hindrance to the splendid program of construction made by President Hoover, to serve to stimulate and stabilize industry and business throughout the country. There should be no delay.

Robins Brave Cold ANACONDA, Mont., Dec. 27. (U.P.)—Migratory instincts have been overcome by two robins at Echo lake who, apparently, have decided to endure a frigid Montana winter rather than follow their feathered kind to warmer climes. The birds reside in a snow-covered barn at a summer resort and dine royally on odd bits of food found on the barn floor.

MUST USE REAL NAME STAMBOUL, Dec. 27. (U.P.)—In the future letters addressed to Constantinople will not be delivered because the authorities insist that people learn to use Constantinople's real name, Stamboul.

12 Christmas Deaths in L. A.

LOS ANGELES, Dec. 27. (U.P.)—Twelve names listed on the Christmas traffic death roll of Los Angeles county today while nine other persons were given little chance to recover from injuries suffered in holiday automobile accidents.

Police records showed that 289 victims were treated at Georgia receiving hospital, an all-time record for the institution over a 48-hour period.

One of the most unusual automobile fatalities ever to come to police attention was the death of Miss Dorothy Maurkani, 18. The girl parked her car on a hill and when she wanted to leave found another machine blocking her path. Miss Maurkani released the brakes on the other machine and became panicky when it started to roll down hill. She ran in front of the car in an effort to stop it and was knocked down and killed instantly.

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Hampton & Co. Brokers (Market letter on request) Box 355, Las Vegas Nevada.

Names? Look At This List

CLEVELAND, O., Dec. 27. (U.P.)—When Tennessee Iron and Coal Jackson died his death was deeply felt by his widow, who in respect to his memory christened the son born after his father's death, Caboose Jackson.

This fact was revealed as the result of a survey of the register at the Hiram House, a social settlement institution here.

A further investigation disclosed that the Hiram House shelterers a child named Virgin Mary, whose father was King Solomon. Log Cabin and Tiny House are chums of Virgin Mary. Other names found among the boys at the institution are Dairy Lunch, Oldham Bacon, Elijah Donkey, Joshua Moses, Pictorial Review Johnson, Erie Canal Jackson, Admiral Dewey, General Lee, Musing Underwear and Major Calhoun.

SING NATIONAL ANTHEM AND STAVE OFF POLICE

BUDAPEST, Dec. 27. — Because they sang the Hungarian national anthem while marching, a band of protesting students were able to prevent the police from arresting them as the police were forced to stand at attention while the anthem was being sung.

Four Perfect Bridge Hands

YOUNGSTOWN, O., Dec. 27. (U.P.)—Four perfect hands of bridge were dealt at a party given by the Big Ten club of Youngstown. The four players and the three witnesses all attest that the cards were shuffled and dealt according to the regular rules of the game.

Howard Sutton, Ohio State university graduate, an engineer of the Penn-Ohio Electric Co., was so amazed when he saw 13 diamonds in his hand that he laid down his cards. Dr. W. J. McCarthy, a dentist, Sutton's partner, received all the clubs. M. W. Jacobs, shoe merchant, got all the hearts, while his partner, Paul Dingley, a graduate of the University of Illinois school of engineering, picked all the spades.

Would Divorce Wine Devotee

MILWAUKEE, Dec. 27. (U.P.)—Jacob Phillip likes wine. Jacob makes wine. Jacob drinks wine. Anna Phillip, his wife, told a circuit court judge, here, all about Jacob's wine.

Anna believes that when a man spends more than a week's salary for wine materials in one month, makes 35 gallons of wine and then drinks all of it alone, it is time to ask for a divorce.

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