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## WHAT SHALL BE DONE FOR A BANKRUPT

Germany Admits Insolvency and the Rest of the World is Pondering.

### REORGANIZATION OR BANKRUPTCY

Roger Babson Tells His Views on Germany's Condition and How It Affects the Remainder of the World.

(Special to The Observer)  
WELLESLEY HILLS, Mass., Aug. 12.—The German question was discussed today by Roger W. Babson, statistician, who has been untangling the international and financial situation.

"Germany has failed to meet her obligation on the indemnity payments," says Mr. Babson, "and like any other concern is judged bankrupt. We face the same situation that we find when a business can not pay its debt. We either have a re-organization and try to get it back on its feet or we call in the referee and judge it bankrupt and sell its assets and put it out of business.

"The world is now having a creditors' meeting to decide what is to be done with Germany. Up to the present time France, the largest creditor, has been taking the pound of flesh. It is only within the past few days that she has offered any other proposition. Now, however, France sees that if she will let Germany off that England will let France off. It is understood that a French Ambassador is dealing with the United States Government at this time, in the hope that the republic may be released from some of the debts she owes to us. These later developments are favorable indeed, and strongly suggest that a friendly re-organization of German finance is possible.

**Panic Could be Caused.**  
"If France, on the other hand, were to march an army to Berlin, and to collect the pound of flesh by force, it is quite possible that this might alienate Russia, Italy and even possibly England with another war. This, of course, would be an undesirable situation from every point of view. Such action would undoubtedly cause a panic in our stock market, and would seriously embarrass our big banks. It would upset even experienced business men who had at the beginning of the last European war. The new gas and chemical weapons of warfare developed since 1918 can be made just as well in Europe as over here.

"If, however, Germany had a friendly re-organization of her finance it would mean much and boom American business. Such a reorganization would clear the air and overcome the fear of repudiation which keeps all our foreign transactions in a muddle. It would do away with the uncertainty of the situation and arranged to the mutual satisfaction of all parties concerned it would give the whole world the confidence it needs at this particular time. It would strengthen business everywhere. The greatest part of the benefit would be felt in America. I certainly hope that this will be the outcome.

"In the meantime," concluded Mr. Babson, "we must remember one thing more, there is a distinct difference between Germany's governmental finances and the finances of Germany's firms and corporations. The credit of Germany's government is almost nil because of the tons of paper marks which it is obligated to redeem. The banks are also in a rather uncertain position because their cash assets are of a very uncertain value. The private firms of Germany, however, hold real property, factories, machinery, land, equipment and merchandise. Most of them are in a sound condition because these things are of actual and permanent value. The re-organization of Germany's finance would upset the German government's financial position and might call for considerable readjustment in Germany's banking circles. It need have little effect on the real credit of private firms."

General business is maintaining its recent improvement in spite of unfavorable sentiment created by coal and rail strikes. The index of the business is but 9 per cent below normal. No change since last week.

### AWARD BRIDGE CONTRACT.

SALEM, Aug. 12.—The state highway commission has announced that it had awarded the contract for the construction of a concrete arch bridge across the North Umpqua river on the Pacific highway near Winchester Douglas county, to H. E. Deering of Portland.

The bridge will consist of seven arches and will approximately be 1000 feet in length. The roadway will be 20 feet wide and the height of the floor above the average water is 70 feet. The structure will cost \$125,000. The county, state and government will share in the cost of the bridge.

### Won by a Nod



The photographer was almost under the thundering hoofs of the horses as Parader (right) beat John Paul Jones by a scant head at Saratoga race track. The horses were traveling at the rate of a mile in one minute and 37 seconds when the camera clicked.

## MUSCLE SHOALS PLANT SHOULD BE OPERATED

Nation's Press Quite Generally Opposes Government Operation of This Industry.

The attack by the senate committee on the offer made by Henry Ford for the purchase of the Muscle Shoals nitrogen and power plant has revived interest in that great project. It seems to be the general opinion of the editorial writers of the country that in the light of the present condition of the national treasury it would be unwise to attempt any government operation. Many of the papers hold that even conceding Ford would be getting a bargain, the offer made by him should be accepted to insure operation of a project now decaying because of lack of operation. In case of war the plant will be needed, editors argue, and this being the case it should be operated and kept up to date and, as the government now is not able to do this, private interests should be given their chance.

**Government Can't Operate.**  
The proposal for government operation is the least attractive of any suggested, the Newark News believes, because "it is not to be expected that such a proposal will find much grace in an administration committed to the principle of less government in business. It would be foredoomed to fail through the injection of politics into such big business and the trail of favoritism that would mark its administration." The government would be setting a rare example as a competitor for business against private enterprise subject to Federal taxation. It should be possible to dismiss this suggestion as chimerical. Certainly it is contrary to the American genius and tradition. There is a lack of plain language in the senate committee report, the Milwaukee Sentinel holds, which is regrettable, the "report being adorned with rhetorical flowers of the kind that usually grow only in the hothouse atmosphere of political campaign speeches. What is there about Henry Ford that people go delirious for or against him, as soon as his name is injected into any controversy? Ford's Muscle Shoals plan may or may not be as bad as is painted, but why throw doubt on the findings by dressing them in unmeasured language? Mr. Ford may feel that his opponent has done him a real service by weakening their case by hysterical rhetoric. With millions tied up in the work, and no benefits resulting, the Itasca Journal News suggests that "either Muscle Shoals should be leased to some one of the several proponents, or the government should develop the plant for the purpose of leasing power, or the work should be abandoned and scrapped. Why positive action should be delayed month after month at a cost of millions to the country, is one of the unexplained curiosities of government."

**Huge Sum Invested.**  
Despite the senate report the Port Huron Times-Herald thinks the public should be given all of the facts, because, "even liberally discounting the scathing report of the senate committee, and giving to Mr. Ford's supporters the benefit of every doubt, there is too much involved in this project to allow it to be a big question mark in the minds of the American people."

Pointing out that the government has \$100,000,000 invested, the Waterloo Tribune argues "it would be a deplorable thing if this plant, valuable for industrial purposes, should be allowed to stand and rot. Though Henry Ford would be getting a big profit on the plant, though he may be driving a sharp bargain, the thing is sure, and that is the plant would be a growing concern and if the government ever needed it, it would be ready." Similar sentiments are entertained by the

Sioux City Tribune, which suggests that "the Nebraska senator seems to be riding at more windmills. Just because he can't get his own plan through, will he stand by and see the properties, built by taxpayers' money, and valued at more than \$100,000,000, decay? Nor must it be forgotten that there are his potash interests in Senator Norris' home state that would be greatly pleased if they are protected from competition with Henry Ford. The senator's opinions therefore, are to be heavily discounted." However, the "injection of partisanship is lamentable," the Asheville Times explains, because "if Ford's offer is sound, it should be accepted in spite of the fact that he has been flirting with the Democratic party. If it is unsound, it should be rejected by a vote that ignores party lines and that gives thought only to the best interests of the country. This is one of the few questions into which partisanship can not enter without doing violence to tested business tenets."

**Better Offer Wanted.**  
The Charleston Mail is convinced that "whoever gets the Muscle Shoals property—if ever an individual or a corporation gets it—must make a better offer than the one proposed by Henry Ford, or by any others, for that matter, who have bid upon it." But the Grand Rapids Press feels that the "choice was between Ford and ruin. The South will tingle with anticipation as to whether a Republican administration really intends to turn the senate treasury funds to Federal completion of a dam which will build southern industry and multiply southern power. And farmers the country over, demanding cheap fertilizer, will want an answer before the next election." To this the New York Herald replies "there is no objection to Mr. Ford getting the Muscle Shoals project on a basis that is businesslike for the government and fair for the national taxpayers. There is every objection to his getting Muscle Shoals on a basis that would compel the government and the taxpayers to sink \$50,000,000 more in the project for the benefit of Mr. Ford's own business venture."

## TWO-BIT CHANGE FINALLY GOES

**FAIRBANKS, Alaska, Aug. 12.**—The First National Bank of Fairbanks, the last bank in the United States to get off the "two-bit" basis of small change, went on "nickels and dimes" basis on July 5, as a result of the coming of the railroad, which brought transportation, commerce and finance alike to the necessity of using smaller change than a quarter.

"Old times will hate getting used to this small change," says the Fairbanks News Miner, "but when you come to think about it it is the best for everybody, especially for youths who will be the business men of the camp in a year or two. It is not business to figure no lower than a two-bit piece, and anyone who thinks can realize this at a glance, for they must know it now. You must figure in pennies and play the game that way if you get ahead much and right."

## REFORM LITTLE RED SCHOOL

Modern Science Pronounces "Little Red Schoolhouse" a Danger to Our National Progress.

(By Associated Press.)  
NEW YORK, Aug. 12.—Add to the list of ideas smashed by smithereens by the efficiency of modern science that quaint institution of American rural life—the "little red schoolhouse"—now denounced by educational experts of Columbia University as "a danger to national progress."

Experiments conducted for the past year in a tiny school in Warren county, N. J., have proved to Dr. Fannie Dunn, of Teachers College, Columbia, that the problems attending the evils of the "cult of the little red schoolhouse," as Dr. Dunn calls it, can be solved by the same methods that have brought progress in teaching the young of the cities. How to show that forty-four pupils attended the typical schoolhouse in Warren county, which was seven miles from a trunk line railroad, two miles from a post-office, and out in the open country. A single teacher was forced to instruct eight grades. There are still 200,000 similar schools in the United States, just 100,000 too many, Columbia educators say. They hope to cut the number to 40,000. Charges that seem appallingly revolutionary to Americans who remember the rigid, plaster-cast demeanor that was exacted of every country schoolboy who was forced to attend the little red schoolhouse of years ago, are recommended for those modern institutions that will remain. Unrestricted movement about the room, the installation of pupil helpers for the teacher, a more "clubby" spirit among the youngsters, and the application of the "automat" idea in teaching the children to gain a large part of the education themselves from the school library, are part of the new plan evolved from the Warren County tests.

Despite Whittier's legend of the famous schoolboy of the "ill red building," whose "feet of tan" betokened splendid health, Professor Thomas W. Wood of the Eye Sight Conservation Council of America, who is interested in the experiments, says that 87 per cent of the pupils in rural schools in New York state have health defects, as opposed to 72 per cent of unhealthy children in the whole United States. Dr. Wood says, 15,000,000 of the 24,000,000 school children have bodily defects.

By expressing the faults of the country schools, the experts say, that much of the congestion of the cities results from the inability of the schools to make country life attractive. Efforts are now being made through meetings at Columbia of such educators as Miss Charles C. Williams, secretary of the National Education Association; Mrs. Katherine Cook, of the Federal Bureau of Education, and Dr. Kenyon L. Butterfield, president of Massachusetts Agricultural College, to bring about the changes in rural education that will end the plight of the modern schoolboy: "in getting out so sick—Of reading and arithmetic—That's why we gave the teacher the sack. And we've never gonna come back, if she doesn't like it she can sit on a tack. We've got the schoolhouse blues."

## PAWN BROKER IS SOLD GOLD BRICK

(By Associated Press.)  
SAN FRANCISCO, Aug. 12.—A pawnbroker is supposedly the last man in the world to whom a gold brick could be sold. This actually has happened here, however, for Morris Riskin, above whose door hangs three golden balls, said \$1,000 and threw in a gold watch to get hold of twenty pounds of brass filings, making the "capper" in the deal a present of another gold watch for what Riskin thought were "services." Had the brick actually been gold, Riskin would have been richer by about \$5,000.

Anthony Del Sol, whom the police arrested as the "capper," interested Riskin in a wizened, aged Mexican who was represented as an uncouth miner who had been digging for gold all his life in the mountains of the state of Sonora, the product of his lifetime of industry being twenty pounds of gold dust.

The Mexican was not suspected to have any opportunity to learn English or to have any real knowledge of the market value of the gold, Del Sol, according to the police, did all the talking. A few hours later Riskin appeared at the detective bureau with twenty pounds of brass filings with the marks of the deal a present of another gold watch for what Riskin thought were "services." Had the brick actually been gold, Riskin would have been richer by about \$5,000.

**WILL OPEN EMMA MINE.**  
BUTTE, Mont., Aug. 12.—Reopened the Emma mine, one of the zinc, silver and lead producing properties of the Anacostia Copper Mining company was announced today. It is expected to be reopened by Monday. About 125 men will be employed on the property. This will make the 14th mine of the company to resume operation, having been shut down since January, 1921.

### And Now Look!



Harry Fox, stage comedian, carried Beatrice Curtis to the corner grocery when she was two years old. She has been with him in vaudeville two years and now they announce they were married at Akron, O., a month ago.

## NATIONS REVERT TO BARTERING

(By Associated Press.)

LONDON, Aug. 11.—Barter, or the exchange of goods, as against the transfer of actual cash has figured in recent international loans, according to the Geneva correspondent of the Observer. In this way the difficulties of exchange have been overcome.

Rumania wanted a loan of 45,000,000 gold francs from Switzerland. The Swiss said it was impossible unless they knew how the money was to be spent. Rumania replied: "We need to replenish railroad rolling stock, particularly engines."

"Fine," said the Swiss bankers, "we have these for sale. Take them, and pay for them in general and miscellaneous goods of which you produce and we need." Thus were the arrangements concluded.

Similar borrowing and paying by barter has taken place with Czechoslovakia. Here again, Czechoslovakia is receiving Swiss manufactured goods and is to pay for them with truckloads of sugar. Therefore the question of exchange and the comparative values of the Czechoslovakian krone and the Swiss franc does not arise.

## News of the Northwest Country

General Development of the Inland Empire Recorded.

ASTORIA, Ore.—A total of approximately 70,000,000 feet of lumber was shipped from the Columbia river by water to the various markets of the world during the month of July and the quantity from the Astoria district was nearly double that from the up-river section.

According to statistics compiled by Deputy Collector of Customs Kerline, 47 vessels were loaded at the lower river mills and their combined cargoes totaled 45,375,557 feet of lumber. Thirty-five of these vessels laden with 36,199,850 feet, went to California; seven vessels, carrying 6,565,297 feet, are en route to foreign markets, while five vessels laden with 2,610,410 feet, cleared for the Atlantic coast.

In the same period 24 vessels loader 23,447,378 feet of lumber at the up-river mills. Of the latter 14 vessels, carrying 5,576,000 feet, went to California; 12 vessels, laden with 16,023,332 feet, cleared for foreign ports, while seven vessels, carrying 1,848,146 feet cleared for the Atlantic seaboard.

This makes a grand total of 69,184,025 feet of lumber which left the Columbia river in cargoes during the 31 days in July.

### LUMBER INDUSTRY GROWS

WASHINGTON.—Substantial improvement in the lumber industry in the northwest is indicated by the report of production of the West Coast Lumbermen's association and the Western Pine Manufacturers' association, given out here today by the National Lumbermen's association.

The West Coast Lumbermen's association, operating west of the Cascades in Oregon and Washington, produced 2,413,350,275 feet in 30 weeks of 1922, as compared with 1,443,231,618 feet in the same period of last year, and in the week ended July 29 this year produced 83,511,834 feet as against 54,395,454 feet in the corresponding week of 1921.

The Western Pine Manufacturers' association, operating east of the Cascades in Oregon, Washington and Idaho, produced 613,083,000 feet in 30 weeks of this year, as compared with 408,329,982 feet in the same period of last year, and for the week ended July 29 this year produced 32,139,000 as against 23,995,000 feet in the same week of 1921.

### ANOTHER CAT CREEK GUSHER

LEWISTON, Mont.—With a production that it is estimated will prove to be the largest of the field, the sixth gusher from the second sands of Cat creek was brought in by the Mid-Northern-Homestake company July 30. The well is discharging its flow through a two-inch pipe and as a consequence the production is confined to 1400 barrels a day, but Superintendent Guy Craig made the statement that when this handicap is removed the flow will probably exceed any of the other five gushers.

The well is located in section 10-15-29 east and was completed at a depth of 1550 feet.

The new well is about three-quarters of a mile east of the discovery well in the second sands. It is considered to have proved a triangle of ground about one mile on each side. The lease is owned by the Homestake company.

### 32,000 BARRELS OIL IN MONTH

LEWISTON, Mont.—Joe Montgomery, receiver of the United States land office, states that the oil production from the well recently brought in on the place claim in section 11 at Cat creek was 32,000 barrels for the month of June. The total government royalties received on oil produced on government land during the month of June was \$34,807.25.

The Wilderchultz properties still lead with a total production of 72,000 barrels, while the Green tract also shows a good production. Undoubtedly the month of July will far exceed all previous months in the production of oil in the Cat creek field.

### LONG-BELL BUILDING DIKE

KELSO, Wash.—The first unit of the dike which the Long-Bell Lumber company is rebuilding near its mill site is nearing completion. It has been built on top of the former dike by R. G. Marquardt's dredge, which has been engaged in the work for three months. This unit, on which exact cost records were kept, is 1500 feet in length. The dike is seven feet higher than the old dike, which placed it three feet higher than the '94 water, which was the highest water ever known on the Columbia. It is 20 feet in width on top.

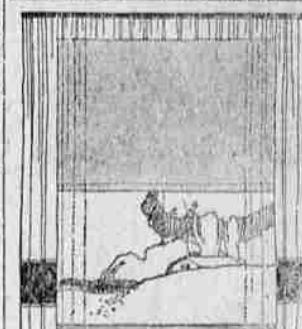
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