

DEATH CAUSES MUCH SORROW

COVE (Special).—The community is saddened by the untimely death of Marvin Daniel, the 18-year-old son of Mr. and Mrs. H. H. Daniel, who passed away at Hot Lake July 7, where he has been employed for the past year. He was a very talented young man, taking a fond in boys and girls' club work and an interest in stock judging and purchased stock. The community extend their sympathy to the family.

Farmers are busy cutting timothy hay now. Grain is ripening fast.

J. B. Talbot is on the sick list. Mr. and Mrs. J. H. Hight and daughter, Betty, of Raymond, Wash., spent the week-end with relatives here.

L. V. Johnson and family of La Grande spent Sunday with relatives at Cove.

Several picnic parties spent the fourth of July in the mountains. L. J. Chadwick is hauling wood this week.

Mr. and Mrs. Leonard Ingham have enjoyed a visit from their daughter of Pendleton, also from another daughter and family, who live in California.

Mrs. George Miller is having her kitchen remodelled this week. Hundell's are doing the work.

Mr. and Mrs. Neil Right and Mrs. J. P. Pringle were business visitors to La Grande Tuesday morning.

KLAMATH FALLS, Ore.—A hurry call for help in fighting the most serious Klamath forest fire this season was received from the Antelope mountain district by the Klamath Forest Protective association, Antelope mountain in the Silver Lake district. Reports of the blaze were meager. Forest rangers called for ten men and they were dispatched immediately. The fire was reported to have started from lightning and was crawling up the slope of Antelope mountain.

FEEDING HIM RAW MEAT



"Hand-to-Mouth" System of Buying Condemned by Babson

BABSON PARK, Mass. (Special).—During the past week Roger W. Babson has been studying the today between the high bank clearings and slow business, between the record breaking car loadings and the lack of orders. Never before in history have these opposite conditions been witnessed at the same time and opinions differ greatly as to the causes of this business paradox. Mr. Babson's answer is as follows:

"The apparent inconsistency in the present business situation is due primarily to the fact that a majority of manufacturers and merchants have gone on a hand-to-mouth basis. There are many reasons for this change. The primary one is the fact that so many business men lost such great sums on their inventories in 1921 that they are not going to be caught in such a predicament again. Furthermore, as the Babson Organization has been constantly forecasting, most commodities have been declining for some time so that these manufacturers and merchants who have been buying on a hand-to-mouth basis have

thus far been the most successful. In most cases it has been easy enough to get goods and usually the longer one waited the lower he could buy. This has encouraged hand-to-mouth buying the same as a falling stock market encourages short selling.

"It is perfectly safe at times to sell the stock market short, provided you are the only one who is doing it! The more people, however, who indulge in this short selling, the more risky it becomes. If too many persons sell the stock market short, there develops a support and all are given a terrible licking. The same principle applies to hand-to-mouth buying. In a gradually declining commodity market, such as we have been in for some time, a certain number of manufacturers and merchants can do well by following a hand-to-mouth policy. If, however, too many people indulge in this policy there may be trouble. Hand-to-mouth buying is safe provided no unforeseen event happens to disturb the equilibrium by suddenly either cutting off the supply or increasing the demand. But if

such an unforeseen event suddenly occurs, then there is trouble. Among these unforeseen events that at once come to my mind are the following three:

Sudden Weather and Style Changes

"As I have said many times, the weather is a great factor in retail trade and hence a great factor in all industries. Ninety-five per cent of the merchants today prepare for only normal weather. They count on a certain number of warm days and a certain number of cold days; a certain number of rainy days and a certain number of fair days. They joy their goods, either consciously or unconsciously, according to the normal weather conditions with no reserve at all on hand. This was always more or less true, but under the hand-to-mouth system merchants carry almost no reserve whatever. Hence, when an abrupt change comes in the weather, such as an early or abnormally hot summer, or an early or severe winter, they are caught with no stock and are obliged to turn customers away.

"The same general principle applies to style changes. The public thinks that the manufacturers make and change the styles. Of course they do attempt to do this but they often fail. In practice they send samples around to the jobbers as sort of tests. The jobbers send out their salesmen with the samples to try out the merchants, and the merchants in turn try out the consumers. Thus they find out what styles and colors can best be sold and plan accordingly. Hereafter merchants have ordered enough to carry them through the entire season but now they are not doing this. Instead they are depending upon the jobber to replenish their stock in the middle of the season if necessary. Under normal conditions this might be all right but any marked increase in the demand would cause a stampede in the market for such goods.

Unforeseen Foreign Complications

"Affairs in our country are pretty much settled, but conditions abroad are still very unsettled. This applies not only to Europe, but to other countries as well. Conditions in China are very chaotic; the French are at war with the Mohammedans in Northern Africa; Russia is still in the hands of the anarchists; and we may have a severe break with Mexico at any time. Upon all of these countries we are absolutely dependent for certain products. We are dependent upon Japan for silks, on China for tea, on the Far East for rubber, and on Mexico for sisal and many other products. In past days manufacturers bought big stocks of these products sufficient for one or two years, if necessary, without further importations. Today, however, if the supply of certain foreign products were to be suddenly decreased there would be a famine in the market in a few months.

"Events to cause a stampede in certain imported goods are liable to happen at any time, and indications at the moment are that this is especially true in the case of Mexico. Therefore I strongly advise manufacturers and merchants to keep in stock a good supply of imported goods. Not only is it a good policy to protect against foreign political troubles, but there is not the same tendency for imported goods to decline in price as for domestic goods. Owing to the steady decline in exchange and unemployment, abroad, American buyers have thus far been able continually to force down foreign prices. This, however, will not continue forever and the time is fast approaching when exchange may turn in the opposite direction and when there may be more unemployment in the United States than in Europe.

Prepare For Labor Troubles

"The United States has been very free from labor troubles during the past two years. There were fewer strikes and fewer men out on strikes during

1924 than during any of the past ten or fifteen years. Manufacturers are even beginning to get careless and omit that red ink warning which we used to see on our order acceptances and letter-heads disavowing any liability in case of strikes, etc. Either these manufacturers are on strikes as the regular part of their routine of business or else they have reached the time when they think there will be no more labor troubles. I don't want to be a corpse hanger, but because labor is quiet is a pretty sure sign that something is brewing. The very fact that we have few labor disturbances at the present time is one of the best reasons why they may be expected to develop before the year is over.

"Under the old system, when business bought a supply of raw materials and merchandise covering a year or more in advance, strikes were not a serious price factor. If, however, strikes should occur today in certain industries, prices of certain raw materials and products would shoot up to high figures because manufacturers have on hand sufficient supplies to carry their trade over a period of prolonged labor trouble. The supply of such products would rapidly diminish; jobbers would be cleared out; and merchants would be unable to get goods except at very high prices. This is a reason why manufacturers and merchants should carry sufficient reserve of domestic raw materials and manufactured goods, as well as imported raw materials and merchandise. As above stated a certain amount of hand-to-mouth buying is good, but too much of it is dangerous because some unforeseen event is always liable to happen and business men should be prepared for such.

Don't Crush Out The Jobbers

"If we are to continue hand-to-mouth buying, the jobber is absolutely essential to trade and commerce because he forms sort of a cushion between the manufacturer and the retailer. Yet the tendency today is to eliminate the jobber. Manufacturers are trying to reach the retailers and the consumers direct; while consumers are endeavoring to buy products direct from the factory or from the mine. I am not discouraging this practice, as it has its good features; but I must sound a warning note against eliminating the jobber. If a merchant is to get on without the jobber, he must take the jobber's place and carry a big stock of goods. If he is to do a hand-to-mouth business, the jobber is absolutely essential. I am not making an appeal for speculative buying. I do not believe in speculation at all, as it is dangerous if not unethical. On the other hand, I see the danger of the present tendency of all business going on a hand-to-mouth basis. A appeal for a middle road policy. Manufacturers and merchants should take a medial position between that of the speculator and

that of the hand-to-mouth buyer. Of course this needs an understanding of fundamental conditions and the trend of commodity prices, supply and demand, amount produced and consumed, etc. There are, however, several reliable statistical services which furnish this information making it available to all at a small cost. Money so spent is well spent.

"In conclusion let me say that this hand-to-mouth policy must be most carefully watched by every investor, especially while money rates are now so easy. The declaration of peace a few years ago caused great inventories due to which corporations and investors lost great sums of money. Today an unforeseen event may raise almost as great losses when these same people find themselves with no reserve supply of raw materials or merchandise. Therefore, this policy of hand-to-mouth buying is becoming a dangerous factor in the stock market as well as in general business. Of course none of these things have yet begun to show on the surface. Business continues

around normal, the Babsonchart showing it at 2 per cent above normal."

Klamath Lawyer Appointed.

KLAMATH FALLS, Ore.—David E. Vanhook, deputy district attorney, received notice of his appointment as Klamath county attorney for the state bonus commission. He succeeds J. H. Carnahan, who relinquished two months ago. Vanhook came here this spring from Portland.

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