

Curbing Speculative Loans

THE present bogeyman of the business world is the employment of vast sums of money in loans to brokers on the New York Stock Exchange. The figures of the federal reserve banks showed a total of loans on brokers' collaterals of \$5,669,000,000 on February 6, a gain in one year of \$1,834,000,000. The stock exchange itself which has more complete figures, showed a total of brokers' loans at the end of January of \$6,735,164,242. The tying up of such a vast amount of liquid capital in Wall Street speculation is looked at askance by conservative bankers and by federal reserve authorities.

The latter have tried by warnings and by jumps in the rediscount rate to scare the public out of stock speculation. The pinch for the federal reserve board comes in this: every increase in the rediscount rate affects so-called legitimate business the same as it does stock speculation. The board can't have one set of rates for one group and another for the other. This leaves the board afloat in an earless boat so far as making for a safe harbor is concerned.

We are not among those who foresee disaster because some six or seven billions of our idle wealth is loaned to brokers upon the backing of the stocks and bonds listed on the New York exchange, surely the finest collateral to be found in the world anywhere. The loans are enormous, but so steadily has the business world been warned against their size and their rapid increase, that it is well fortified against reaction; and those doing the loaning are well secured.

We heard the same complaint just a few years ago about the magnitude of credit tied up in installment credit. Buying automobiles and radios and washing machines on the installment plan was going to wreck the country without fail. Somehow the country pulled through, the installment loans still bulk large, but the clamor against them has quieted down because the new bogey of brokers' loans has been set to waving its arms.

The plain fact, which so many people fail to recognize, is that we are undergoing a deep revolution in the capitalizing and financing of our industrial development. Corporations are now less and less one-man or one-family affairs; their ownership is widely scattered. Business now instead of confining its borrowings from banks, is now able to float its loans to the investing public on favorable terms. Brokers' loans represent then, not just wild speculation, but in many, many cases, the sensible investment of individuals in the securities of the nation's leading industries, securities not fully paid for. This is no more reprehensible than buying a farm or a house on a contract.

As this shift in capital ownership progresses we shall see the item of "brokers' loans" continue to mount. Excesses may bring reactions, but the present situation is not just an excess of speculation; it represents a deep under-current of change in our economic life. Some new threat will arise to give our bankers things to worry about, and this scare about brokers' loans will be forgotten along with installment buying, foreign loans, and other financial scarecrows of former days.

The Portland-Yakima Railroad

ANOTHER of those repertorial air castles which make papers interesting reading is the guesswork of The Oregonian's reporter that the Southern Pacific may be backing the proposed railroad from Yakima to the Columbia river. We have no inside information but we venture the opinion that the Southern Pacific can find better uses for its money within the vast empire it now serves than to try to get from the Columbia river across the high Klickitat plateau or ever across the lower Horseheaven country to reach Yakima from the lower Columbia.

Paper railroads are not nearly so numerous as they used to be and filing of articles of incorporation for a railroad is now so rare as to attract special attention on that account. It is chiefly journalistic buncombe from the Portland press, which tries to penetrate the Yakima valley with a railroad from Portland. The terrific cost of such a venture would doom it from the start. Railway engineers are more practical than that, but of course speculative promoters are always looking for gold bricks to peddle to the gullible public. Portland papers are strong for the water grade, but in their zeal for an air line connection with Yakima they do not hesitate to scale the heights about Mount Adams and bore 17,000 foot tunnels.

The Yakima Republic has the following comment to make respecting the schemes of the railway promoters: "The country between here and Portland, direct, would be impossible for a railroad. To get out of the valley to the top of the ridge between the Yakima and Klickitat watersheds would entail enormous expense, and to cross the Klickitat and its tributaries south of Mount Adams is a railroad undertaking that under any conditions we know now would be so costly that it is prohibited. Engineer Dwight Redman told the Toppenish Commercial club all about that the other day. The Cascades lie beyond. We read something about a 17,000-foot tunnel over there.

"Talk about a shorter rail connection between Yakima and Portland that will be furnished by a syndicate is, under any conditions we know about now, merely blah-blah."

Senator Reed's Valedictory

SENATOR JIM REED made his valedictory in the U. S. Senate an invective against prohibition. All his powers of scorn and vituperation were massed in his onslaught on the prohibitory law. Reed chose this as the outstanding issue upon which to stage his farewell appears in national legislative halls. Yet this burning issue, this "greatest of all crimes" is precisely the same issue which Jim Reed, candidate for the democratic nomination, said was not a campaign issue. Reed who now charges fiercely against the Volstead act is the same Reed who tried to pussyfoot into democratic favor by soft-soaping the issue he now rides upon.

But Reed does drive home some shafts which ostrich-headed prohibitionists ought to ponder. It is true that liquor still flows too freely. It is true that genuine attempts at enforcement on a national scale have not been made. It is true that educational programs for temperance and for self-restraint have been neglected in favor of mere prating about the law. Friends and advocates of prohibition have great tasks before them to make the law a success, and the greatest task is the education of people in respect for law and in the hazards of liquor indulgence.

Reed is "all wet" when he praises the virtues of liquor dealers in pre-Volstead days. Booze interests have always been lawless, corrupting and criminal in their tendencies. That characteristic has not changed since liquor itself became outlaw. Compared with the ideals of its advocates prohibition is a failure; compared with the vicious conditions of open saloon days, prohibition even as it is now, is a vast improvement.

Emerald Drops Editorials

THE Oregon Emerald, student daily at the University of Oregon, announces that it will experiment by dropping its editorial column and substitute letters from its readers. The Emerald is following the example of the Boston Traveler (not Transcript, Mr. Emerald writer) which gravely announced the world was tired of editorials so it would print them no more. Just a few days the Traveler tried the plan, then announced that its readers wanted editorials, so their publication was resumed.

We hope it is that way with the Emerald. Its editorial comment has been above the average in topics, in treatment and in style. Nor does it speak well for the school of journalism at the university, under whose auspices the Emerald is produced, that the Emerald should abandon its column of editorial comment.

Chicago police needn't worry about the gangs. They seem pretty able to take care of themselves.

The Fortunes of War



Old Oregon's Yesterdays

Town Talks from The Statesman Our Fathers Read

February 21, 1904
Local politics in Marion county are beginning to be pretty lively, although the republican central committee meeting does not meet or another week.

The Liberty Good Roads league met, with a debate on "Resolved, That the wide wagon tire is a benefit to the roads" being the feature of the program.

About \$20 was realized as a result of the "afternoon" given by the Salem Woman's club. The money will be used to help furnish one of the rooms in the high school building.

Quong Hing, Salem Chinaman, Sunday will shoot off \$200 worth of firecrackers at 254 Liberty street in celebration of Chinese New Year.

Poems that Live

TO AENONE

WHAT conscience, say, is it in thee,
When I a heart had one,
To take away that heart from me,
And to retain thy own?

For shame or pity now incline
To play a loving part:
Either to send me kindly thine,
Or give me back my heart.

Covet not both; but if thou dost
Resolve to part with neither,
Why, yet to show that thou art
just,
Take me and mine together!
—Robert Herrick (1591-1634)



SENATE APPROVAL IS GIVEN CABINET BILL

The joint resolution introduced by the special committee on administration providing for a cabinet form of government safely went over the senate hurdles Tuesday and will now go to the house. The resolution provides for the reorganization of the state government into nine departments and the governor.

Senator Joe Bailey said that while he favored the principle expressed in the resolution, he thought the attorney general should be elected rather than appointed by the governor. He said this practice had been followed in other states where the cabinet form of government had been adopted.

The resolution will be referred to the voters at the next general election.

IRISH GENERAL NAMED
DUBLIN, Irish Free State, Feb. 20.—(AP)—Major-General Sean McKee today was appointed chief of staff of the Soerstat army.

Who's Who & Timely Views

Value of Plane Carriers Outlined

By CONGRESSMAN FRED A. BRITTON
Chairman, Naval Affairs Committee

(Fred Albert Britton was born at Chicago, Ill., Nov. 18, 1871. He was educated in the public schools of that city and business college. Since 1894 he has been in the general building construction business. He was chairman of the twenty-third ward in Chicago from 1908 to 1912; and chairman of the civil service commission in 1909. He has been a member of congress from the ninth Illinois district since 1913, his last term expiring next year, and is a Republican.)

AVIATION enthusiasts need not fear the scrapping or decommissioning of the Lexington or the Saratoga. It will not occur. I am quite sure that the house committee on naval affairs will give no serious consideration whatever to the suggestion of scrapping either of these ships or even to their decommissioning in the interests of economy.

In all of the maneuvers with the fleet the Lexington and Saratoga have clearly demonstrated their great value, both in offensive and defensive warfare, while as scouts for locating the enemy it is impossible to calculate how many cruisers would be necessary to



FRED A. BRITTON

take their places.

With from 80 to 125 planes operating with each carrier, they immediately assume greater combat value than any aviator field in the United States. For coast defense they are superior to our most formidable land fortifications.

If these ships have any value at all, it must be in their constant use. Unless pilots are flying from the decks of the Lexington and Saratoga in war play and maneuvers with bombing planes, combat pursuit and other types of plane, in constant practice, the ships might just as well be scrapped. To decommission them would be worse than scrapping.

I would not trade a plane carrier for our most formidable dreadnaught.

Great Britain has six plane carriers of fleet speed totaling 107,550 tons, nearly twice the tonnage of our Lexington and Saratoga. Japan has 63,000 tons, almost equal to the 66,000 tons of our first-line carriers, and almost up to her tonnage limitation as prescribed by the Washington treaty.

Both Great Britain and Japan have long recognized the superior value of plane carriers, not only for combat with enemy planes but as distinctly offensive vessels to go along with the first-line dreadnaughts.

Kellogg Opposes Change In World Court Protocol

WASHINGTON, Feb. 19.—(AP)—Secretary Kellogg in identical notes to the nations composing the world court said today that the proposed revision of the tribunal's protocol in relation to the fifth reservation of the senate for adherence would not furnish adequate protection for the United States.

The secretary of state suggested the possibility that the interest of the United States might be protected in the protocol in some other way or by some other formula.

The portion of the fifth reservation declaring for public session on the court's advisory opinions and the other four senate reservations already have been adopted by 24 of the world court governments in a 1926 conference.

Part of the fifth reservation, however, which states any advisory opinion touching on the United States should be first consented to by this country was not agreed to by the nations.

The communication of the state department head was delivered to the Washington diplomatic representatives of the nations interested.

"The government of the United States," said Mr. Kellogg, "feels that such an exchange of formal views as is contemplated by the 24 governments, should, as here suggested, lead to agreement upon some provision which in objectionable form would protect the rights and interests of the United States as an adherent to the court statute, and this expectation is strongly supported by the fact that there seems to be little difference regarding the substance of these rights and interests."

Conference Recalled
In connection with Mr. Kellogg's communication to the world court governments, it is recalled that Ellen Root, who sailed Saturday for Geneva, to attend

Editors Say:

Portland is making a valiant effort to authorize the construction of a shortcut road from that city to the Tillamook beaches. That is the objective of Senator Klepper's bill before the legislature, and he and his cohorts have struck hard to achieve it.

In spite of the fact that such a road would offer a shorter route to the beaches from Portland than does the Columbia river highway through Astoria, this community is not disposed to turn thumbs down upon the project. While conceivably such a road would divert some traffic from this community, it would on the other hand be the means of increasing the traffic to the beaches of this county and would complete a loop road which would bring many of the beach travelers through this city one way or the other.

However, this community has a right to object to the diversion of funds from the Roosevelt highway to this new road. The coast highway has a clear claim to priority over any new road in the distribution of state highway funds. The proposed new highway from Tillamook to Portland is desirable as it is, should await its turn as the Roosevelt highway has had to await its turn.—Astoria Budget.

NONSENSE ON EDUCATION

President Hall of the University of Oregon told the joint ways and means committee of the legislature at Salem that "if men and women of the state would drop a cigar, a cigarette or a lipstick in the education fund occasionally, there would be no shortage of funds with which to conduct institutions of higher learning." He was appealing for appropriations greater than many members of the legislature think that the taxpayers can afford to pay.

It is doubted if he made a favorable impression with that argument, for it is based on futile expectations, says the Spokesman Review. Funds to maintain the schools, colleges and universities will not be had in that way. They are derived from taxes, and tax income out of industry and business public revenue can't be raised by asking men and women to toss the price of a cigar, cigarette or lipstick into the educational fund. That wouldn't bring enough revenue to support a one-room rural school.—Walla Walla Union.

VALENTINE PARTY HELD AT BROOKS

BROOKS, Feb. 20.—(Special)—Mrs. Charles Coffindaffer entertained with an attractive Valentine party Wednesday afternoon in her home on the Pacific highway, having as her guests members of the Brooks Camp Fire girls. The living rooms and dining room were decorated in keeping with the valentine motif. A lovely bowl of red tulips centered the luncheon table.

Attractive heart shape baskets filled with heart shaped candy favors marked covers for Miss Doris Wood, Miss Edna Lesher, Miss Hazel Nye, Miss Ina Lesher, Miss Gladys Otto, Miss Emmaline Sears, Miss Lena Riggs, Miss Hatfield, Miss Irene Sturgis, Miss Bessie Aspinwall, Miss Margaret Wood and the hostess Mrs. Charles Coffindaffer.

A lovely valentine box with valentines for each was presented to the guests of Mrs. Coffindaffer.

Dinner guests of Mr. and Mrs. A. E. Harris on Sunday, were the Rev. D. George Cole, pastor of the Brooks Community Methodist church, O. E. Epley, and his daughter Gladys Epley.

Southern Pacific extra gang No. 16, which is under the supervision of R. W. Perry, has returned to Brooks after spending about ten days shoveling snow at Fields which is located on the Cascade line about six miles from Eugene.

Dinner guests of Mr. Moisan's mother, Mrs. Mary Moisan on Wednesday evening were Mr. and Mrs. G. J. Moisan of Gervais.

Robert Nusom of Woodburn was calling in Brooks recently and looking after his place here.

Jesse James Jr. Is Plaintiff in Court Litigation

LOS ANGELES, Feb. 20.—(AP)—Jesse James, 56, son of the famed outlaw, was a plaintiff in court here today, seeking redress for claimed financial wrongs.

James brought suit against the Famous Players-Lasky studios, charging that they had agreed to pay him \$10,000 for his aid in filming the story of his father's life, but that he has received only \$800. He said he lent costumes and acted as technician, consultant and writer.

Government Sees Defeat in Offing

LONDON, Feb. 20.—(AP)—The government was near defeat in the house of commons last night through dissatisfaction of its own supporters over the question of compensation to loyalist supporters in the Irish free state whose properties had been destroyed or taken over, Prime Minister Stanley Baldwin was hurriedly summoned and saved the situation by virtually throwing over Winston Churchill, chancellor of the exchequer, and L. C. S. Amery, secretary of state for the colonies.

Bits for Breakfast

By R. J. Hendricks

To the legislators:

You will be glad to know that good and economical use will be made of the old reform school land that is now under the charge of the penitentiary management—

And a lot of work has already been done in plowing and preparing for the crops that will be grown there.

And they will be big crops; all the land can be made to produce, under the conditions.

And the number of hogs will be increased to 500; the band of sheep to 100, and the chicken flocks to at least 400; with white Leghorns for layers and Rhode Island Reds and Plymouth Rocks for general purpose fowls.

The dairy herd will be increased to 65 cows; bred up to the highest notch.

The program includes 250 turkeys annually, and it is planned to keep 1000 Belgian hares, to eke out the meat supply.

On Monday, there was another record number of inmates at the penitentiary, 726. It was 723 at noon yesterday. But it does not matter so much about these records being broken any more, so far as the taxpayers are concerned—

Because the institution is on its way to self support, with every single able bodied inmate at work, and a large proportion of them employed in the industries that yield a net and mounting profit; chier among them being the state flax industry.

Without a cent ever again to be

appropriated to the revolving fund program that is now under way will bring that industry to the point of using the product of 600 acres of flax, the treatment of which, up to the fiber stage, will render the penitentiary self-supporting; absolutely; and to take all the labor that can be spared, even up to a much higher record attendance than the one on Monday.

Some of the farmers of the valley have lost their late sown flax crops, on account of the recent freezing weather. That seems to have been the greatest farm loss from the cold spell.

A number of these farmers, in several different sections, have asked for flax acreage. But no more can be contracted for, because the full complement that can be handled for this year is already written up—that is, 4500 acres against the 3000 of last year.

It is just too bad that the state could not step in at this time and take a larger flax acreage. But it could not be handled, with its present facilities, even if the money were in sight to pay the farmers for their flax.

But the plans decided upon here and under way will bring the available supply up to the production of 10,000 acres in a few years. Perhaps it may be 6000 acres in year, 7500 in 1931, and up to 10,000 acre point by 1933.

In the mean time, there will be private threshing, retting and scutching plants, if the ways and means committee of congress grants the request for higher protective duties on fiber, which is pretty clear certain to happen.

Big Oil Firms to Participate With Price Reductions

SAN FRANCISCO, Feb. 20.—(AP)—Major oil companies entered into the gasoline price war here today and the wholesale price reduction found retail quotations fluctuating from 13 to 19 cents a gallon on a demoralized market with members of the retail service station dealers association working the war. They have called a meeting for Thursday at which they hope a stabilized price can be established.

While most of the garage and property owner's association members quoted a retail price of 14 cents, all members were furnished with 13 cent signs and authorized to retail at that price if they "considered competitive conditions warranted." The price, officials of the association declared, was entirely optional.

New Cold Wave Hits Mid-West; Mercury Down

CHICAGO, Feb. 20.—(AP)—Another cold wave rode through the middle west today on the crest of a heavy snow storm that hampered traffic and added to the discomforts caused by a dozen other zero snaps that have preceded it.

The snow was expected to be followed tonight by a tumbling mercury with sub-zero readings general tomorrow from the Rocky mountains to the Ohio river valley. A little moderation is expected by tomorrow night with higher temperatures by Thursday.

Temperatures in the Dakotas within the past 24 hours were from 30 to 42 degrees below zero and sub-zero readings were reported from many parts of the northwest.

Mexican Revolt Put Down With Little Trouble

MEXICO CITY, Feb. 20.—(AP)—The war department this evening announced that the situation in the state of Sonora was normal and that there had been no troop movement of any kind there or in the vicinity. The military commander of the state made the official report to the department today that everything was quiet.

Rumors had been current in Mexico City for several days that a subversive movement had appeared or was about to appear in the border state.

POPE APPROVES ROTARY GROUP

Former Action Placing Club on Blacklist Will Be Re-scinded, Word.

VATICAN CITY, Feb. 20.—(AP)—International Rotary is about to be given a clean bill of health by the authorities of the Holy See. Reliably informed circles of the Vatican tonight said the reversal of a former ruling was due largely to the favorable impression created by I. D. Sutton of Tampico, Mexico, who is president of the International of organization.

Mr. Sutton came here in the face of a ruling against Rotary by the consistorial congregation that members of the priesthood would not be allowed to join Rotary clubs. This ruling came shortly after Osservatore Romano, the newspaper used by the Vatican for its public announcements, had condemned the organization for its alleged practice of inculcating a religion "without God."

Mr. Sutton, himself a Roman Catholic, interviewed a number of the princes of the church and convinced them that his organization respected all creeds. He also told them at least 350 prominent laymen and clergymen of the church were active Rotarians in the United States and the fact that one particularly prominent layman had been a member of a certain Rotary club in Indiana for 12 years was emphasized.

OREGON VOTER MAY BE INVESTIGATED

Legislative investigation of the Oregon Voter, of which C. C. Chapman is publisher, was demanded by a communication received by President Norblad today. The letter was signed by Senators Joe Dunne and Hall, and was read by the clerk.

The letter requested that the committee appointed to conduct the investigation be given authority to subpoena witnesses, administer oaths and employ such clerical assistance as is necessary. It was requested that Mr. Chapman be compelled to furnish the committee a complete list of persons and corporations subscribing to his legislative service, and the amounts to be paid by each.

A LIVING trust will place the work and responsibility upon us for making all or part of your investments.

A thousand dollars or more is sufficient to start with. More may be added at any time.

Ladd & Bush Trust Co.