

The Oregon Statesman

"No Favor Sways Us; No Fear Shall Awe" From First Statesman, March 28, 1851

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Reorganization Expenses

GREAT corporations like railroads which get in financial straits are seldom junked. They operate under receivers for a time. During this period interest saved by non-payment is used to build up the property and make it more nearly self-supporting. After a time, long or short, interested persons appear as reorganization managers. Usually some private banking house is appointed. The managers study the condition of the company, its probable rate of earnings, and then call for an exchange of securities.

This is often marked by "scaling down", in which bond holders are asked to take securities with a junior standing. The way is then open to put on prior mortgages to raise fresh capital. In the case of railroads there has been in past reorganizations practically no real scaling down of capitalization. Whatever was taken out of the bond account was added to the stock account, so the mountain of capital the property is expected to produce earnings upon remains unchanged, though the stock may pay no dividends for a time.

Then for their job the reorganization managers get very fat fees, and usually get nibbs on the sale of new securities. In the Milwaukee reorganization a few years ago the bankers got around two million for their services. The interstate commerce commission now comes forward with a plea to break up this costly method of reorganization. There are bills pending in congress to permit railroads and other corporations to reorganize without the agencies which have attended past receiverships. The legislative committee of the commission urges action to curb the power of the bankers over the railroads and suggests a special court or a department of the interstate commerce commission.

Corporate reorganizations have been painful and costly, needlessly so, it would appear; although so diverse are interests involved and so complex the legal questions that expert minds are required or the job will be bungled. It seems certain that many of the railroads will have to have their fixed charges reduced. The government cannot and should not continue to pour money into leaking ships. As the emergency prolongs into an epoch the realities of the situation must needs be faced. If the readjustment process can be altered so that time and money may be saved it will be in the interest of the investors, the shippers, and the general public. The LaGuardia bill, along lines which Pres. Hoover approves, would permit such voluntary reorganization.

Erasing Great Fortunes

WHAT the parlor pinks and the soapbox reds and the congressional chiselers failed to accomplish in the reduction of enormous fortunes is being effected through the steady attrition of business forces. This is reported to light in the report on the estate of Mrs. Edith Rockefeller McCormick. In her latter months she vacated her mansion and died in an apartment. Her estate was computed at \$40,000,000 at one time. Now the executors say there isn't enough left to pay \$2000 a month for the settlement with Emil Krenn, the Swiss architect whom she made residuary legatee.

Her Standard Oil stocks, the gift of her father, were sold long ago. Her real estate investments turned out badly and her properties are cumbered with mortgages. Death gave her release from her financial troubles, though her father would not have permitted her to suffer. Her brother, John D. Jr. however has sunk a quarter billion in Radio City in New York, and "sunk" seems to be the appropriate word. The income cannot possibly carry the investment charges, at least for many years to come.

The papers tell also of the erasure of another large family fortune,—the Stevens family in Chicago, whose big hotels, the Stevens and LaSalle are in receivership and whose big insurance company is in the hands of the courts. Three of the family are under indictment. Aside from whatever crimes may have been committed stands the fact that their fortune is gone.

Depressions are like that. Those who have lose all or part of their possessions. A real "new deal" is forced; and the folk who browse among the ruins and pick up real bargains are the ones swept into fortune on the next incoming tide. One of the yarns told about the late George F. Baker, a financial giant in the land, was that when the panic broke in 1929 he called out his car to be taken again to his office, remarking: "This is my ninth panic; I have made money in all of them. Perhaps he had, but his estate has suffered heavy shrinkage since his death a short time ago. Even his impregnable bank transferred 25 million from its surplus as reserves against losses last year.

"Bank of Oregon"

WHILE Oregon is getting down on its knees asking doles of bankers to meet paychecks for stenographers and filing clerks, a brace of legislators—Zimmerman and Oleen are proposing legislation to put the state in the banking business. One bill creates a bank for all public funds to be loaned back to governmental units. The other is a constitutional amendment to let the state go into the general banking business.

The Safety Valve

Letters from Statesmen Readers

Permanent Recovery by An Adequate Medium of Exchange

To the Editor: In your editorial in the Jan. 14th issue of the Statesman you state, "The question on which we differ is whether the readjustment should come by inflating the currency or through the operation of general economic laws which slowly work out the equilibrium of prices."

To my mind the difference is more accurately stated in these words,—Should we establish a medium of exchange, redeemable in service, of strictly government issue and free from special privileges to any group, or should we continue to allow the impeditory drag of an old inadequate system to retard our progress and advancement.

The present usury and credit system, founded on the primitive notion of the intrinsic value of money, has ignominiously failed as an equitable means of distribution. It is admitted to have thus failed by great minds and leaders who, nevertheless, hold tenaciously to it as sound in principle.

To me there is a vast difference between an adequate medium of exchange and an "adequate supply of coinage and of federal reserve notes".

It is true that the operation of general economic laws and inflation working out the equilibrium of prices, if, indeed, it does so at all. If this equilibrium of prices is worked out at all by this slow and doubtful method, it is of rather short duration compared to the unbalanced states caused by both high prices and low prices.

Should we wait for adjustment through the slow operation of economic laws which we have every reason to believe, from past experiences, will be only temporary? There seems to be a regularity in the recurrence of depressions that we might well take into consideration.

Why resign the advantages gained through science and invention to the ruinous and demoralizing effects of an unbalanced economic state, the solution of which is no more beyond us than the difficulties already met and overcome in the achievement of these advantages.

Our editor, when he refers to the general economic laws, must mean the law of supply and demand. The economic laws that man has instituted have obstructed the free operation of the law of supply and demand. And, as these economic laws are rules and regulations instituted by man, they are subject to correction and improvement by man himself.

We agree with our editor that the breakdown is not due to a general shortage of currency, and that the shortage of money is not the cause of a general shortage of the circulating medium. We also agree that the depression is due to a mal-distribution of gold among the nations of the world, a lack of equilibrium in the exchange of goods and services, and a general shortage of credit.

And lack of all of this disorder and confusion is the undisputed fact that "The love of money is the root of all (ALL) evil." A root, watered and fed on the usury and credit system, which has grown to the full fruition of its kind.

The usury and credit system, whose main support is selfishness, is a curse to the nation, a paralyzing check to the free operation of the law of supply and demand. It is a system that has been condemned by a great host of great minds of righteousness and logic down through the ages.

The admonition, "owe no man anything," if strictly adhered to would soon destroy the usury system. But alas! our inordinate desire for living beyond our means has entangled most of us in the meshes of this system. Instead of blaming ourselves, where the blame belongs, we imagine all sorts of things. Each group is seeking relief by placing the burden on another group who are as hard hit as themselves.

The unlimited coinage of gold is, in a measure, relieving the shortage of money to the individual. This relief, however, is small compared with the need, on account of the scarcity of gold itself. Under the present system and conditions this is the only way (except by loans) that money can get into the hands of that vast throng of consumers of both goods and services necessary to bring equilibrium in the exchange of goods and service.

In an editorial of Jan. 17th our editor says, "The price of gold being fixed, and now relatively high in terms of commodities, etc."

The price of gold is fixed but is not high, seems to be to the contradiction. There is no such thing as a price or value on money except in terms of commodities or services. Goods of any kind represent some kind of service. The commodities, silver and alloy, of which the dollar is made, represent a service.

Gold is a product of labor, representing the labor (or service) of mining and refining it. It is hard for me to see why the service (or labor) represented in the production of gold should be honored more than service (or labor) represented in the production of any other form of wealth. If I am wrong regarding this, then the statement that we believe "all men are created equal" is only a farce. If I am not wrong then the government should give all producers of products the same privilege as the producers of the commodity, gold.

"Gold has a commodity value," you say. Paper also has a commodity value.

Daily Health Talks

By ROYAL S. COPELAND, M. D.

By ROYAL S. COPELAND, M. D. United States Senator from New York. Former Commissioner of Health.

NOT LONG ago an eminent surgeon published an interesting and instructive report on appendicitis. I will not burden you with the figures of his extensive study. But it showed that appendicitis continues to be a serious menace to every community.

Appendicitis is a serious disease when neglected. Too often it is confused with an ordinary "stomach ache" and the sufferer takes a cathartic for relief. This is in fact a dangerous procedure because if the pain is due to an inflamed appendix the cathartic increases the inflammation.

If the inflammation continues, it may lead to rupture of the appendix. When this happens the contents within the appendix escape into the abdominal cavity. This causes peritonitis which is a serious complication of appendicitis.

Avoid Cathartics Pain in the abdomen or stomach ache should never be considered lightly. You will always be on the safe side if you avoid cathartics. Apply a hot water bag to the abdomen. Heat usually relieves spasms and intestinal tenderness due to food poisoning or digestive upset.

If the pain is due to an inflamed appendix, relief will be obtained by an ice bag. Persistent pain demands immediate medical attention. Delay in calling the doctor prolongs the disease and increases the danger. Headache, nausea, fever, vomiting, constipation or diarrhea, are other signs of appendicitis. A positive diagnosis often is made by the doctor. But if it is suspected, the sufferer should be examined immediately by a physician.

When the doctor is in doubt he can resort to certain tests which confirm the diagnosis. A blood count will give the needed information. If the patient has appendicitis, the number of white cells in the blood is increased. This condition of the blood is spoken of as "leucocytosis". This is always found when infection is present.

In what I have said I do not mean to imply, of course, that every stomach ache is due to appendicitis. But appendicitis is too frequently confused with stomach ache, and too many fatalities occur because of this confusion.

Remember these simple rules and whenever in doubt consult your doctor. He will be trained in his work and will assume all the responsibility. It is hoped that the general public will appreciate the efforts of the medical profession to enlighten the public. It is their endeavor to familiarize everyone with the signs of appendicitis. It is only by co-operation between the physician and the patient's family that the number of fatalities from appendicitis can be reduced to a minimum.

Answers to Health Queries Mrs. F. H. Q.—What causes white patches on the hands? A.—This is usually due to loss of pigment or coloring matter. The cause is not known and there is no specific cure.

M. G. Q.—Is olive oil as nourishing as cod liver oil? A.—Yes, but cod liver oil is a more general tonic.

Mrs. L. S. Q.—I am 28 years old, 5 feet 8 inches tall, what should I weigh? A.—You should weigh or feel above or below the normal weight. A.—You should weigh or feel above or below the normal weight.

buggy onto the steamboat at Portland, on top of a freight wagon. By persuading the captain with a cocked revolver that it would be unsafe for him to throw it off, after much hardship and many delays, Brown and his two companions, H. H. Wheeler, his cousin, and William R. Bishop, reached Walla Walla. Hearing that bacon was selling in the mines at \$1.25 a pound, they bought a load of bacon; had \$90 worth of it and they left for Lewiston. They packed from that town, buying more goods there.

After hardships the relation of which would fill a book, they arrived at Florence. Brown worked at mining at \$10 a day while Bishop and Wheeler went back for more trading goods to pack in. The first \$50 Brown earned with shovel and pick, he expressed to his wife in Roseburg, as she had been left with little money. When Wheeler and Bishop got back with their trade goods, they sold out, and the firm of three dissolved, Brown remaining and the other two going on to a new gold discovery at Elk City, Idaho. Brown and another man got an outfit and tried prospecting, but gave it up, sold their outfit and dissolved partnership.

D. W. Stearns arrived that noon from Roseburg with a small pack train loaded with merchandise. They immediately went into equal partnership, and they found a log building with shake roof and no glass for windows, bought it for \$2500, and were in business that evening; firm name, Stearns & Brown. Stearns took the pack train and went back to Lewiston for more goods. Except for one trip, Stearns did the packing and Brown kept the store that summer. The one pack train did not keep the store in goods, and Brown bought another mule train, agreeing to pay \$7000 for it, including the goods it had brought in; half payable the following morning and the other half a week later. Brown paid the man three days ahead of time, showing he had taken in \$7000 in cash (or rather gold dust) in one week, in his one-man store.

The mining town of Florence was filled with the worst element on the coast, including thieves and gamblers from the east. Men had a habit of getting drunk in the saloons and shooting into stores and tents as they went by. Brown slept on the floor in the store with flour piled up around him to take the force of stray bullets. A man was killed nearly every night. He took his meals at a restaurant and paid \$3 a day for his food, consisting of bread, bacon, beans and dried apple (Turn to page 5)

Editorial Comment From Other Papers POTATO WAR OVER Well, friends, the Deschutes-Klamath potato controversy has come to an end. It was fun while it lasted and it aroused interest in the advertising world. The amount of advertising revenue that the potato growers in the Deschutes valley was extensive. Folks who had never been especially aware of the virtues of a good potato discovered that the American Legion regarded the Deschutes gum the best spud produced in the state and they paid a premium on the Portland market to secure it for the home table. By newspaper editorials and word of mouth was the Deschutes notted gum acclaimed. It was a good scrap while it

New Views What do you think of the proposal for quarterly payment of taxes? That's the query asked yesterday. Responses: John Detering, farmer: "That sounds good; I hope it goes through, at least for the next few years."

"The Challenge of Love" By Warwick Deeping



Jess was over the gate with a flick of the skirt and Dr. Wolfe soon vaulted after her.

Dr. John Wolfe, old Dr. Montague Thredgold's assistant, is stumped at the unsanitary conditions he finds in the smug little town of Navestock. Wolfe realizes his greatest fight in ridding the town of pollution will be in overcoming the resentful attitude of the people themselves who seem perfectly satisfied with their mode of living. He encounters his first obstacle in the person of Jasper Turrell, the brewer, who objects to Wolfe taking a sample of his well water for analysis. Undaunted by opposition, Wolfe continues his researches and prepares a map of the town's unsanitary areas. The one bright spot in Navestock is the home of Mrs. Mary Mascell where Wolfe is always sure of a welcome. When Mrs. Mascell is too ill to go to Flumyng Court to pay her dues of three dozen eggs to the Lord of the Manor, Wolfe offers to accompany her young daughter, Jess.

CHAPTER THIRTEEN Wolfe had been writing a prescription. "And Bob had better take this, I see no reason why I couldn't go egg hunting."

"You! Oh, come along; what fun! I bet I'll find more eggs than you will. And Sally can get tea." They left Mary Mascell smiling in her chair. She was one of those women who could enjoy the playfulness of life, even in the midst of an attack of asthma. Jess might "wash out" on one of her escapades, and her mother would laugh over it and share in the girl's spirit. Mrs. Mascell had no particular liking for her Goody Two-Shoes child, who darned stockings, was usually and proudly sentimental, and played the sweet angel with blessings of "dearest mamma."

In the porch Wolfe picked up the egg basket. "Yes, you can carry it," said Jess. He made her a grave bow. "Madam, your very humble servant." Bob was sent to the stable with Wolfe's horse, and told to saddle the fat pony and take the prescription and the note that Wolfe had written to Dr. Thredgold at Navestock. The serious man of eight-and-twenty and the tall girl of sixteen plunged in among the out-buildings and stacks of Moor Farm that were jumbled together with the picturesque complexity that belongs to old towns. Great black looms loomed into huge, cool interiors where sunbeams crept in through chinks in the walls, and sparrows fluttered about the beams. There was the red-brick granary, where you might wade knee-deep in a golden grain or be weighed on the sack-weighing machine in the corner. There was the wagon shed, where the swallows built; the cask-house, a queer, dark, fragrant place with its cask breaker ready to replace the brown slabs to fragments. Cattle sheds abounded, clean, white-washed loggins with small yards yellow with straw.

Jess was made to scramble, using a cart wheel as a ladder. "Done, by George! Dusty knees—and no egg!" "For Doctor Wolfe?" He looked down at her from above. "Why poor?" "I didn't mean you were poor. Only—" "Just a touch of sympathy, eh? You are a sweet young woman, Miss Jess."

She laughed, and a flushed momentary with a touch of sudden self-consciousness. "Am I? It's nice of you to say that. We've got three dozen and a half. And there's the tea bell." They walked back to the farmhouse very sedately.

The Whispering Court at Flumyng's Cross was held at nine o'clock, and at eight Jess Monday, the carter, dressed in a black coat for the occasion, came round for the stable with the red-wheeled gig. The farm labourers had gathered under the great cypresses in front of the house, each man carrying a lighted lantern, a dog, a crook, or pole. Jess had gone to her mother's room to dress, and Wolfe went out into the garden and joined the white-smoked group under the cypresses. "A fine night."

There was a sort of grumbling sequence, but the men did not appear interested in Wolfe or his opinions. As a body they stood and stared at the house, like bores in a curtain theatre, waiting for a stroll to go up. Wolfe had a feeling that he made these men uncomfortable. He could see a light in Mrs. Mascell's room. Presently a shadow came across the blind, and there was a tapping at the window. "Listen to't."

The labourers ranged themselves on either side of the stone-paved path. Wolfe stood back from them a little, and nearer the gate. He saw the porch door open, and Sally, the maid, standing there, holding her skirts back proudly to let her lady pass. Jess came out, wearing a red cloak with the hood turned up, a green skirt, and green stockings. Resting against her bosom she carried the basket of eggs, decorated with red and green ribbons and with flowers. The men held up their lanterns, and looked to her with quaint gravity. "God keep thee, good Mistress." "May the beasts be fat in your field, and the bins packed full of corn."

"God's blessing on thee—and the merry month of May." (To Be Continued) Copyright, 1932, by Robert M. McBride & Co. Distributed by King Posters Syndicate, Inc.

lasted but the end has come. There is nothing more to argue about. The act of an over-zealous selling agent, anxious to make the best possible sale, has defeated the Klamath balloon and by the same token placed the Deschutes potato on the top of the heap. The Klamath confession of inferiority, which has only recently come to light, was abject and complete. In an effort to make it appear that Klamath potatoes are what they are not and to secure the better price paid for Deschutes gems, two car loads of the former were carefully placed in sacks bearing the magic words, "Deschutes Notted Gems" and shipped into the Portland market. Needless to say the vigilant authorities discovered the substitution and required that the misbranded spuds be removed from their true name.

We need not dwell on the implications of this story. Enough has been said. We congratulate our Klamath brethren on the spirit they have put into a losing fight and commiserate with them over their loss.—Bend Bulletin.

VICKS NEW ANTISEPTIC SAVES YOU HALF! Big 10 oz. Bottle a 75¢ value... only 35¢. Whole Nation Responds to Unusual Trial Offer. W! MAKE no extravagant claims for Vicks new antiseptic. Instead, we have supplied to druggists... 5 million bottles in a special sale... so you can test its quality and economy—in your own home.