

The Oregon Statesman

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The Drift to Inflation

THERE is no mistaking a drift of sentiment in this country toward inflation. The trend is not confined to bumble artists of the political showrooms who take up every glittering bubble that comes along. Many prominent industrialists are surrendering to the lure of inflation out of desperation. As deflation appeared to pass from orderly readjustment from a period of over-expanded credit to a spiral of disintegration with no stopping point in sight, so there has come call for heroic measures which might stem the tide. A group which calls itself "Committee for the Nation", composed chiefly of executives of industrial corporations has outlined "Five next steps in the program to rebuild prices and purchasing power"; and two of the items are raising the price of gold from \$20.67 per ounce to \$36.17 per ounce, and stabilizing the price level at about the 1926 base. Barron's Weekly which deals almost entirely with security speculation, makes note of the "rising tide of opinion" in favor of inflation as an alternate to chaos which may be the end of deflation; remarking:

"Unless some profit is restored to industry, and unless some portion of the crushing debt burden is relieved, not only is recovery impossible but also the process by which the entire industrial and commercial system is being slowly bled to death will result in social conditions and social disturbance of a kind that cannot be contemplated with equanimity."

And Walter Lippmann, a very thoughtful contributor to the public press, thinks the time is at hand for the United States to revamp its monetary policy by lowering the dollar in relation to foreign currencies and expanding credit at home. While this does not endorse domestic inflation, it is a bid for a lower dollar in international exchange. The action of Pres. Roosevelt yesterday is a move in this direction.

One of the strongest pleas for inflation is in an article in the April Forum by George F. Warren, professor of agricultural economics at Cornell university, who argues for lowering the gold content of the dollar (which is the same as raising the price of gold at the mint), and establishing a compensated dollar based on flexible weight of gold corresponding to increases or decreases in the commodity price level.

There are three proposals for inflation: 1st, starting the printing presses and flooding the country with currency; 2nd remonetizing silver on the basis of 16 to 1, although the prevailing price is 60 or 70 to 1; and third, to lower the gold content of the dollar as Prof. Warren suggests. It is the latter proposal which is becoming more popular.

The array of opinion favorable to inflation thus becomes large, impressive, but thus far so unconvincing. The theory of inflation is that lowering the gold content of the dollar would cause an immediate and compensating increase in the price of commodities. This would start a revival of business, and presumably increase employment.

The flaw in the theory is this: business is not done by exchange of gold or by exchange of currency, except in minor degree, but by exchange of bank checks which are merely a form of credit. Gold is merely the base of the credit structure. The volume of business depends not alone on volume of gold or currency, but on amount of credit used, and the amount of credit used depends on the velocity with which money and credit are used in business. Giving the country more dollars whether paper or in light-weight gold will not start and sustain business on the 1926, 1929 or 1930 levels. Inflation succeeds in starting and maintaining the upward spiral of prices when the inflation is continuous and cumulative, as it was in Germany. Thus England which suspended the convertibility of paper sterling into gold in 1931, but did not expand her currency, has had this experience: the price of gold rose 44.5% by early 1933; commodity prices rose only 1.8%; while employment and production actually showed decreases in the interval. This is from a chart prepared by Standard Statistics Co. of New York.

When you tamper with the price of gold, or begin to devalue the gold dollar, where will be the stopping place? After one change is made, will there not be fresh pressure to further devalue it? So far as stabilizing the value of the dollar is concerned on the basis of the average level of commodity prices, the weakness there is that it throws gold into speculation. The government has corralled minted gold, but there are great quantities of fabricated gold and additions from the mines each year. All this gold would then become a commodity in speculation which it is not at the present time, which would complicate the synthetic dollar which Prof. Irving Fisher long ago proposed and Prof. Warren revises.

There is this further difficulty that prices are not determined by a locality nor even by a country, but by world influences. We can not stabilize prices even of averages in this country on a given level, for change and flux are constant, and production and consumption in other countries exert steady influence on prices. Unless we are prepared to live within ourselves economically we cannot ignore world prices and conditions.

People miss the meaning of the gold standard. Gold is the common denominator of value; and as such it should be constant in its own value. Gold is used merely to settle the balances chiefly between nations; and the fundamental law of trade is that buying and selling must substantially balance, so comparatively small stocks of gold may support large volumes of business where the transactions are in balance. The world's problem now is to get the nations back on some standard, and gold has been for centuries the only accepted standard of value, in the settlement of international trade.

Inflation creates a new set of problems and invites new evils. It would not restore 1919 or 1926, for past dislocations would not be remedied. It would in turn cause fresh economic dislocations which may merely multiply the ones already experienced. Employed labor as well as the creditor class would be the chief sufferers.

Economic restoration will not come by such a simple bit of legislation. The materials for recovery are at hand without any such dangerous experimentation. Credit waits only to be used for starting the upward spiral, and that along healthy and normal lines. In our opinion the processes of recovery were at work when the money panic gripped the country and closed the banks. Indications now in major markets are that recovery is being resumed, with some prospect of rather rapid acceleration. Artificial inflation might

HEALTH

By Royal S. Copeland, M.D.

PELLAGRA is one disorder that has baffled science for a long time. Though great advances have been made in its control, the exact cause responsible for its development is not known. But during the past decade the disease has come to be regarded as a nutritional deficiency, and not as an infection. By this I mean that it is probably pellagra is caused by faulty diet and not by a germ. The disease has been known for more than two hundred years. At one time it was believed to be a poor man's disease, caused by the lack of food, sunshine, and proper sanitation. But it is encountered in families where there is no lack of food, but where the wrong kind of food is eaten. Obviously it is met in persons who have indulged in severe and dangerous methods of dieting.

We are greatly indebted in many ways to the excellent work conducted by the United States Department of Health. It conducted intensive investigations of pellagra. Its study reveals that pellagra can be traced to a diet lacking in certain vitamins, particularly vitamin G. It is believed this vitamin is a substance necessary to prevent disease. Foods With Vitamin G Fortunately, this vitamin is found in a variety of foods. For example, a diet that is varied and contains an abundant supply of fresh lean meats, liver, milk, canned salmon, eggs, dried beans, peas and spinach, assures an adequate supply of this vitamin. Prolonged use of a diet lacking in vitamin G will result in pellagra. It won't be long before the victim complains of a reddish discoloration of the skin. The skin peels and sheds large quantities of scales. The face, neck and hands are usually involved. In addition, the sufferer has marked nervous symptoms, such as melancholia, hallucinations, stupor and convulsions. The gums become swollen and bleed easily. There is an increased amount of saliva and the victim has severe intestinal disturbances.

Diet, as you see, is important in the prevention of pellagra. Pellagra is most common in localities where the inhabitants live on a diet which varies very little from day to day. Canned foods can be substituted for fresh fruits and vegetables when the latter are not available. Canned spinach, turnips and string beans contain sufficient vitamin G to aid materially in the prevention of pellagra. The use of a properly balanced diet with abundant fresh fruits and vegetables will lead to a decrease in the occurrence of this disagreeable ailment.

Answers to Health Queries Mrs. R. Q.—What do you advise for eczema? A.—Send a self-addressed, stamped envelope for full particulars and repeat your question. Mrs. P. P. Q.—Is it harmful to continue cod liver oil during the winter months? A.—I think you are over-circulating? I am greatly troubled with gas at times—what would you advise? A.—Not harmful, but in most cases it is unnecessary to continue through the winter months. I improve your general health and your circulation will benefit. For full particulars send a self-addressed, stamped envelope and repeat your question. S. Watch your diet and keep your system clear. For full particulars send a self-addressed, stamped envelope and repeat your question. (Copyright, 1933, K. F. S., Inc.)

Should Mrs. Judd be hung or incarcerated for life, in your opinion? Statesman reporters received the following answers to this question yesterday: William Urnath, Willamette university student: "I think she ought to suffer the death penalty. I read the story in the paper this morning and it appears to me that she is just shamming. It is altogether too easy for a murderer to get off by pleading insanity, anyway."

Sergeant W. J. "Dubbe" Mulkey, Jr., state police: "I think she ought to be hung."

Kenneth Brown, student: "It makes no difference to me what happens to her, but she certainly is making a fine display to be declared insane. I should think life in an asylum would be worse than death."

Silverton Hills To Conduct Meet Of Nearby Grange VICTOR POINT, April 19—Union Hill grange will meet at the hall Friday night with guest officers from Silverton Hills grange in charge of meeting and program. Mr. and Mrs. Phillip Fischer are making a number of improvements in the gardens at their home here, including a rock wall at the front, a double pool, a brook and the addition of a number of ornamental trees and shrubs to their already large collection.

PROGRAMS GIVEN. CLEAR LAKE, April 19—The Sunday school enjoyed a program Easter Sunday after Sunday school with 69 persons present. The teachers, Miss Neal, Miss Bontrack and pupils, gave a party Friday afternoon.

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BITS for BREAKFAST

By R. J. HENDRICKS

Two governors' mother-in-law: When Grandma lifted the lion. (Continuing from yesterday:) She thought she saw an eyelid bat beneath that angry brow; She hallooed to a boy in sight: "Quick, fetch the axe right now!"

With twitching nerves and lively step The frightened lad complied; The trusty axe replaced the club Which Grandma threw aside.

When lion caught that blade of steel Which duffly dleft his head, Old Grandma said, triumphantly, "Guess now the pecky thing is dead!"

The story caught the passing breeze. And hurried with delight, 'Til every settler round about Had heard of Grandma's fight.

The writer of these feeble lines, Though less than ten years old Was next day shown the battlefield With lion stark and cold. The settlers came from near and far To hear this tragic story Straight from the heroine's pulsing breast; And crown her name with glory.

Grandma Hutton was a type, In those heroic days, Of every true and loyal wife Who loved the pioneer ways.

They were the helpmates to advance Wherever needed most; Could cook the meals or run the ranch Or take the place of host.

Could shear the sheep and spin the wool, And fix the warp and loom; Could throw, through loom, the shuttle spool, And heat and shape the cloth.

Could milk the cows and raise the chicks, And churn the butter out, Or tend the baby, nurse the sick, Or weed the garden out.

They crossed the plains—the great expanse— They braved the perils there And learned by hard experience To do, through life, their share.

But this new age has brought a change. The picture shows have gotten The hearts and minds of all our maids— So goodbye, Grandma Huttons.

The story of the killing of the cougar of California has been completely told in the above and the lines that preceded in yesterday's issue that there is little in the way of explanation to add.

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loy, rented the mills from Knowland in the late thirties and ran them for about two years.—W. T. Rigdon, then a boy of about 10, driving a two-oxen team for a whole winter, drawing saw logs to the mill. Robert Scott bought the Knowland mills in the late fifties or early sixties, and thereafter the place was known as Scott's Mills. The post-office was established November 1, 1887, with Thomas Scott, son of Robert, the first postmaster.

There is a lot more to tell about those early experiences of W. T. Rigdon, some of which will follow in a later article, or series.

The woodrats' nest, where the dogs found the animal in hiding, is not a fiction of the imagination. The place was brought together about trees or in thickets of underbrush were familiar to our pioneer fathers.

Also, it may be well to remind younger generation readers, the cougar was and is strangely terrified by dogs. That animal, no matter how large, will run from the smallest dog. Every pioneer has often seen a cougar "treed" by a canine that a fearless domestic cat half his size might whip.

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"MARY FAITH" By BEATRICE BURTON

SYNOPSIS Mary Faith, comely young orphan, gives up her position as secretary to the wealthy Mark Nesbit to marry Kimberley Farrell. Kim, a young, shiftless lawyer, lives with his mother. When the latter objects to the marriage, Kim brusquely started Mary Faith by breaking the engagement. Later, when he sees her with Mark Nesbit in a jewelry store, selecting a ring, his jealousy is aroused. The next morning he appears at Mary Faith's boarding house and overthrows her with his protestations of love. She again leaves her position and, after a hasty marriage, they spend an ecstatic two weeks' honeymoon in the house of Kim's aunt in the country. Returning home, Mary Faith moves to the Farrell apartment. Kim's friends, Claire and Jack Maldon, find Mary Faith a dull companion for their jazzy parties. Mary Faith realizes Kim is irritated by her failure to drink and gamble. During the winter Kim attends the parties alone. Mary Faith takes care of the house but knows nothing of Kim's finances.



The next night he came home at dinner time and told her that McIntrae and Westover had let him out.

"Well, I'll tell you why I wanted that money," he began slowly. "You know, I do a lot of collecting for the firm, and a couple of months ago I collected sixty dollars from an old fellow named Grammas over on the west side."

"He took a cigarette from his pocket and struck a match to it. "I didn't turn it in at the office that day," his voice went slowly on, "and that night I lost every nickel of it, playing cards at the Athletic Club."

Mary Faith remembered the very night that it must have been. Kim had called her up and told her he was going to play poker with Jack Maldon and some friends of his and that she'd better not wait up for him—he was going to be late.

"I ought to have let everything else go and put that money back right away," Kim said, "but I didn't. ... I'd known you had any money, I'd have been all right. But I didn't."

"You can put it back now," Mary Faith got up from her chair. "I have it in my room. ... I'll get it—"

He took hold of her wrist and pushed her back into her chair. "No. It's too late now. You don't think I'm going to admit now that I took it, do you? You must be crazy," he said. "I told them that I turned it over to Miss Brown—she takes care of all that sort of stuff—and I'm never going to tell them anything else. That's my story and I'm stuck with it."

The next night he came home at dinner time and told her that McIntrae and Westover had let him out. He was very bitter about it. "When I think of the years I've wasted, working for them!" he said. "Hot-footing it all over town every day, collecting their bills and doing all the rest of their dirty work for them! Why, they haven't ever given me a chance to work on a decent case—and then, by gosh, the first time I don't turn in a piece of money the minute I get it they kick me out!"

Mary Faith came and sat beside him, laying one of her hands over his. It was no longer white and smooth and pink-tipped as it had been in the days when she was Mark Nesbit's secretary, and it was still without a wedding ring.

"Wh— don't you take that sixty dollars mine and give it to Mr. McIntrae?" she asked him. "Why don't you go to him and make a clean breast of the whole thing? Kim? Everybody makes a mistake at some time or other in their lives, and there isn't a dishonest bone in your body, really." Her blue eyes pleaded with him, believed in him, trusted him.

But he wasn't looking at them. He was staring at the floor and his mouth was set in a hard stubborn line.

"No, I'll see him in Calcutta before I go near him," he said. "Besides I don't want his two-penny job any more. He can take it and give it to the office boy.—If I had any money I'd open an office of my own. I'd show them whether I'm a lawyer or not!"

He looked at her then. There was a question written in his face. "How much would it take?—how much money would it take?" Mary Faith asked.

"Well, I wouldn't be able to count on getting very many clients for the first two or three months. I'd have to have a thousand dollars, anyway. You see, it would cost something to keep this flat going and I couldn't rent a decent office for less than a hundred a month. Then I'd have to have a girl to answer the telephone and look after things when I wasn't there."

"All right, I have a thousand dollars and you can have it, Kim," Mary Faith said and watched the look of relief that swept across his face. "I can be your office girl, too, can't I?"

"Oh, no, my dear, a poor sort of a husband, but I won't let my wife work in my office," he said promptly and firmly.

Then he caught her in his arms, crushing her close to him. "To think of a little thing like you saving all that money, when I've never saved a red cent!" he said huskily. "Why, you're nothing but a gadget!"

"A very thrifty gadget," Mary Faith laughed, and then sobbed all at once. "When I saved that money I didn't know how much happiness I was saving up for myself, Kim," she said.

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Taken for a Ride

