

# The Oregon Statesman

"No Favor Sway Us; No Fear Shall Awe"  
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## Interest Drops Again

INTEREST rates on savings bank accounts have tumbled again. After July 1, the saver can get only one and one-half per cent annually on his account, the lowest rate ever paid in Salem.

The reason for the cheap rate is the plethora of idle bank deposits and the inability of banks to employ these funds safely at a rate which will allow a larger payment on savings accounts. For five years private debts have been liquidated. Borrowers wanted to be freed of debt when business was growing steadily worse. Banks wanted their monies to meet depositors' claims.

In recent months this trend has been reversed. Depositors are not panicky. Banks are not forcing liquidation. The urge to borrow, however, has not been resumed by business men because the opportunities for profit seem limited and they fear over-extension of their credit.

The great reason for the piling up of bank reserves lies with the federal government. By creating huge deficits and by funding these with securities, the government has loaded the banks with new deposits and with government obligations. These pay low interest but they are liquid and in the absence of more profitable outlet for funds, the banks become partners with the government in creating the great surplus of deposit funds and the resulting low interest. Late in May federal reserve banks had excess reserves of \$2,300,000,000, enough reserves to create \$23,500,000,000 in new deposits according to the time-tested rule of ten times the potential deposits for every dollar of reserves.

Historically the cheapening of money rates has always been a forerunner of recovery. In time, banks and borrowers alike tire of seeing idle funds. The lower rates tempt business to venture. Borrowing becomes popular and liquidity less important. The situation then developing becomes redundant; use of credit raises prices, higher prices make for profit, profits make for borrowing. Credit inflation takes hold.

The great reservoirs of bank credit now impounded in Salem as elsewhere in the nation are bound in due time to break through the walls of doubt and fear. When they do, greater business-turnover is inevitable, interest rates will advance and the government should be able to reduce its relief load.

In the transition period, when credit is stagnant and unused, the saver suffers. Like the bank, he hesitates to invest funds in any security which is not gilt-edged. Counties, cities and states, fully aware of the cheapness of money, are taking the lead in using the new low rates and it is their class of securities which are now attracting the investor. He cannot long be content with the meagre rates such investments permit. When he then begins openly to seek more profitable uses of money in private enterprises, recovery will have truly begun.

## France Pays—but Not to Uncle Sam

FRANCE professes to be so poor she cannot pay her American debts but her impetuosity has not bothered her a whit in putting up most of the \$59,000,000 which went into the Normandie, fastest, largest and most magnificent vessel afloat. In creating this castle of the seas France—as all the seagoing nations of Europe have done—afforded a huge subsidy to the nominal owners in order to provide a ship which would advertise the nation's maritime supremacy.

Whether or not France could afford such an expenditure does not detract from the stupendous accomplishment revealed in this new vessel. The Normandie is by all odds the largest ever to sail the seas—weighing 79,280 tons she far exceeds the Majestic of Britain with 56,599 registered tons and her length of 1029 feet is 114 feet more than that of the Majestic, next in size. The Portland chamber of commerce thinks a 40-foot channel to the sea a great depth for the Columbia but 20 more feet would be needed to get the Normandie by the bar.

The size of the vessel has not eliminated speed. With the largest oil-consuming ocean engines in the world and streamlined with cutaway decks, she made her maiden voyage average 29.68 knots, almost one knot above the average of the sleek Bremen of Germany. Her top speed of 31.39 or approximately 36 miles an hour is phenomenal for so vast a vessel.

The interior work in the Normandie outdistances anything yet done for an ocean-going liner. A vast dining room, as large as a football field and accommodating 630 diners, 10 passenger elevators traversing her decks, a highly decorated chapel, a small theatre, a fire department manned by 24 professionals—these are but a few of the features of this French creation.

To pay operating expenses the Normandie must take in \$400,000 a round-trip and of this sum \$100,000 will go for fuel oil alone—the giant uses 12,200 tons to make the run from the French coast to New York. Paying expenses in the venture is not the principal concern of the French government. The Normandie is a triumph of the nation—an adventure in self-esteem, a challenge to the world. What if the Normandie is a titanic financial mistake; is she not the largest, the fastest, the finest vessel afloat? Did not France construct and operate her? That is enough. And Americans will be the first and most generous users of the vessel, no matter the debts.

## Politics Out in State Police

OVER in Union and Willowa counties a group of citizens have worked themselves into a tither over the demotion of Sergeant H. A. Robertson of the state police force. Robertson did not like the orders of his superiors and turned in his star rather than accept a lower rank and move to a new post of duty. His followers seek a "hearing"—want charges filed and there is talk of sending a delegation to Salem to protest to the governor.

All of which bears the earmarks of the political pressure which so often ruins a good police staff. State policemen who do their work well are not demoted. Nor are they transferred from their posts without due cause. If the state police is to become political in makeup with chambers of commerce dictating to the superintendent, the state had better put all its policemen under civil service, discharge the superintendent, and content itself with a department where "pull" determines position and politics is king.

The strong point of the state police department in its four years of operation has been its freedom from political

# The Great Game of Politics

By FRANK R. KENT  
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### Effects and Results

There is no use writing of anything save the Supreme Court decisions and the situation they have created. Everything else is overshadowed. The effect has been to throw all calculations and calculators up in the air.

No one is sure of anything except that the bottom has been knocked out of the New Deal and that the broad, general idea of federal regulation of the industrial, financial and agricultural life of the nation cannot be put into effect under our system. The effort to do that was a mistake. The force and the unanimity of the court's decision that door once and for all. From now on that question is under the head of finished business.

It is amazing but true that the administration leaders were wholly unprepared for the decisions. Incredibly, it seems not to have occurred to them, as it did in the gold-clause case, that the verdict could be sweepingly adverse. At any rate, they had no plans. The President, his Brain Trust advisers, his cabinet and congressional leaders alike were at a loss when the blow fell. The whole administration stalled, a singular and unprecedented spectacle. Today they are picking up the pieces, recovering a certain measure of composure.

In a short time, the tune with which the situation is to be met will come from the White House, but there is no Administration music at the moment. The New Deal prima donnas cannot sing a note. The most ebullient among them seems sobered as he regards the solidity and strength of that Supreme Court barrier. They have been stopped in their stride, shaken and confused, and no amount of propaganda, no appeal to the people to preserve the "New Deal spirit," no claim that under NRA great gains were made, can disguise the fact that even before the court killed it this experiment was thoroughly without mature consideration, it was fastened on the people by the most blatant ballyhoo ever promoted by a government and it ends in a horrible mess.

The dreadful thing, of course, is the confusion and that is not the fault of the court. That is the fault of an administration which drove blindly ahead, deliberately refusing the chance to make sure of its ground. It would be had enough if it were only the NRA. At it isn't. The decisions affect and apply to practically every phase of the New Deal scheme, both those passed and those pending. There is scarcely one of the validity of which is not now questioned. There is hardly an administration bill enacted at this session which will not promptly be taken to court. There are now Roosevelt acts about which doubt will not arise.

This is certainly true of the holding company bill, the Wagner labor board bill, the banking bill and the social security program, all awaiting action. The A.A.A. amendments so clearly invalid, have now been abandoned. There is scarcely a piece of New Deal legislation which is not based on the notion that congress has the right to delegate power to the President to regulate the lives and activities of the people in several states. This right the court denies; of this power he is deprived by the decision. It does not leave much solidity under the New Deal—or will not when the final verdicts are rendered.

As to the political effect, who can tell? Already administration journalists are busy explaining that Mr. Roosevelt has been relieved of a liability, that in killing the NRA the court liquidated a Republican issue; that the decisions have not affected the Roosevelt popularity; that with one billion dollars to distribute and the biggest Federal machine in history, he can still win easily—unless they add, his opponents should unite, and that for various reasons, is held in mind to do. A Presidential appeal to the country, backed up by full strength publicity, is counted upon to divert public attention from the tragic results of Roosevelt leadership, reinstate him as a popular idol.

On the other hand, there is the thought that the public cannot possibly avoid realizing that here is an Administration whose ambitious program crashes in the middle, solely because the President, influenced by unsound advisers and disregarding warnings and experience, pursued a mistaken course. Long on promises, personal charm and pretty word pictures, he is short on judgment and common sense. His sincerity and high purpose are beyond question, but his soundness and wisdom are not to be relied upon.

Viewing the wreck, grasping the futility of his efforts and calculating the cost, it is incredible the American public will again choose him as a leader. They may like him to the end, but they are through following him. The picture on the other side of the picture, which makes the most impression upon the public mind largely depends upon the effectiveness of the propaganda and party spokesmen. It is not encouraging to think that the public judgment will be thus formed in regard to the merits of the matter, but it is none the less true. In other words, great as is the reverence, humbling as has been the New Deal failure, devastating as it should be to him politically, it

is possible for Mr. Roosevelt to hold his ground and reflect himself. He cannot, of course, retain prestige with intelligent people; but he may still hold the masses incapable of grasping the completeness of the Presidential blunders and unable to appreciate what the two years of wasted effort mean.

pressure. Citizens of Bend were worked up over a state policeman's release a year ago but Charles Pray, superintendent, had the good judgment to make no press statements, to conduct no hearings and to go on with his duties. "Community resentment" such as reported in eastern Oregon, is usually instigated by the irked officer himself.

# Bits for Breakfast

By R. J. HENDRICKS

Flax far better than a mine; has no life limit!

On its editorial page, under the heading, "The Flax Mine," the Portland Journal of Sunday, May 25, made prominent the words that follow:

"In the plan for bringing the Willamette valley into its own, the possibilities of a developed flax industry cannot be overlooked. In that field there is opportunity for great profit and for vast employment. Work for 1,000,000 jobs will be created if the required flax is produced at home. The people of the country consume in linens and other flax products.

"In the country there are now 17 flax spinning mills, which use 8000 tons of flax annually, of which only 200 tons is produced on American farms. The rest is imported from foreign countries. Yet, the Willamette valley has been shown to be as good a flax producing area as there is in the world.

"That valley alone has a flax-producing area of 100,000 acres, of which only 2500 acres is producing flax. This is in spite of the fact that Willamette valley flax is admitted to be superior to any foreign flax except in a limited area in Belgium.

"And all the flax grown in America could be sold in this country, though the flax now imported and consumed by our people costs America \$100,000,000 a year. And if our people grew and manufactured their own flax into linens to the amount that they now buy from abroad, employment would be given to 1,000,000 people now on relief rolls.

"How Europeans value flax production is exemplified in the subsidies granted to the flax growers in Belgium. Here are the figures:

"France pays to flax farmers \$44 per acre, and to manufacturers \$20 per acre; Holland, to farmers \$20 and to manufacturers \$28.80; Czechoslovakia, to farmers \$22 and to manufacturers \$22 per acre.

"These are statements by the Monmouth, Oregon, chamber of commerce, requesting the governor of Oregon to direct a message to the president of the United States and to the Oregon delegation in congress asking that they use their efforts to secure appropriate legislation by congress to the effect that flax farmers and linen manufacturers of this country be granted a subsidy out of the duty now collected on imported flax, hemp, ramie and other manufactured articles in the year 1932 totaled \$10,070,733.

"Study of the flax figures above is fascinating," indeed; more so than the Journal writer indicates.

There are 500,000 acres of land in the Willamette valley adapted to the production of fiber flax. This means 100,000 acres a year, in a five year crop rotation.

This will produce twice America's present needs in flax manufactures, except perhaps linseed oil, and will go far toward filling that need.

It is capable, directly and indirectly, on the land and in the cities and towns, of giving 10 times 1,000,000 people employment and subsistence.

It is capable of becoming, is destined to become, the greatest of all Oregon industries, for all time.

"The flax mine!" It is better than any mine, gold, silver, diamond, copper, lead, or any combination. Cecil Rhodes said there is a bottom to every mine. He meant that there is an end to every mine; every mine will pinch out—become exhausted.

But, the writer insists, as he has repeatedly said, that the Oregon flax industry needs no subsidy.

All it needs is honest and intelligent organization and management, with the use of money enough to provide buildings, equipment and working capital—which it can afford to pay interest on, and which it could amortize and pay back in full, without the loss of a cent in interest or principal.

There is, however, already provided, a form of subsidy for our flax industry. It is the protective tariff; the Hawley-Smoot law.

For manufacturers beginning with the yarn stage and going into the higher brackets of woven and further finished articles it is adequate—runs from 25 and 35 cents a pound to 40 and 45 per cent and more ad valorem.

Straw at \$3 a ton, unhacked fiber at a cent and a half a pound and hacked fiber at 3 cents a pound, as provided in this law, may in time fail to give the grower and the retting

and scutching plant here insufficient protection.

But just now the Salem linen mill is buying fiber from Holland, has been for some time, and has several shipments coming yet—paying the duty and the freight; solely because Governor Meier's secretary of the board of control sold east and foreign the home grown supply needed here. So the low duty rates have rather helped than hindered local labor in this emergency—for that mill has the highest payroll in its history.

What the Oregon flax industry needs now is cooperative concerns growing, retting and scutching fiber flax. Intelligently and honestly managed, they will pay, giving the grower higher returns than any other field crop.

Then the spinning, weaving, cloth-making, and finishing, they will pay; will pay dividends.

Then specialty mills of various kinds. These will come, 100 kinds and more of them, when a steady and dependable supply of fiber, yarn and other of their required raw materials is made certain.

In the nature of things, these developments are all coming, in good time. If they were all here now, Oregon would be permanently fool proof against depression.

## ASTORIA TEACHERS VISITORS AT AMITY

AMITY, June 3.—Misses Beatrice Gunter of Astoria and Ruth Helms of Eugene, teachers in the Astoria schools, called Friday at the Mrs. M. E. Brown and J. M. Umphlette homes. Miss Gunter formerly taught home economics here.

Mrs. Louis Ebeling of Portland was a recent guest at the home of her sister, Mrs. W. W. Newby. Rep. and Mrs. A. L. Graham of Portland and Mr. and Mrs. L. Townsend and Frank Coulter of Mission Bottom, called Thursday at the home of Mrs. J. A. Breeding.

Among the out-of-town visitors at the memorial program held in the cemetery here Thursday were: Ben Ferguson, Mr. and Mrs. Hall Forbes, Messrs. Harley Alderman, George Alderman, and Orville Alderman, Mr. and Mrs. Seabert Walker and children, all of Portland, Mr. and Mrs. Fred Ruble and family of Multnomah, Mr. and Mrs. Bernard Christensen of Corvallis, Mrs. C. R. Matthis of Corvallis, Mr. and Mrs. Henry Williams of Silverton; Mr. and Mrs. Joe Roth and Mr. and Mrs. Stanley Bosen of Junction City; Mrs. Libby Heid of Rainier; Mr. Joe Putnam of Corvallis; Mr. and Mrs. W. Garrett and family of Jennings lodge and Mrs. A. B. Watt of Lebanon.

## MUCH HAY IS DOWN ABOUT BRUSH CREEK

BRUSH CREEK, June 3.—On many farms in this district hay is down, and will be hauled within the next 10 days. Farmers are reporting the need of rain as crops to be developed later on in the season are not growing as well as they should.

Mr. and Mrs. Axel Anderson of Portland spent Sunday as guests of L. H. Meyer and Miss Althea Meyer at Brush Creek and Mrs. Anderson spent her girlhood here as Miss Lena Christensen.

Miss Ruth Maurer, who has been quite ill from tonsillitis is reported as improving. Her brother Martin has also been ill but is now fully recovered.

Mrs. John Moe was taken to Portland Monday to undergo an operation. Miss Thea Jensen accompanied her and will remain at Portland until Mrs. Moe is improved.

GUESTS AT BETHEL  
BETHEL, June 3.—Mrs. M. H. Utter had as her guests on Memorial day her son and family, Dr. and Mrs. E. H. Utter, Lucille and Delbert Utter of Portland and Mrs. Stella Bridges and son Bobby of Salem. Dinner guests at the J. R. Carruthers home Thursday were Mrs. Nettie A. Richmond of Siletz, Mr. and Mrs. Russell Richmond and daughter of Eugene, Mrs. Lena M. Lisle and Esther Lisle of Salem.

Twenty Years Ago  
June 4, 1915  
A marriage license has been issued to King S. Bartlett of Seattle and Jennie Cleveland of Salem.

All factions in Mexico were publicly called upon by President Wilson today in the name of the United States to settle their differences and set up a government that can be afforded recognition.

Halibutones as big as hen's eggs fell in Malheur county yesterday doing heavy damage to trees.

Ten Years Ago  
June 4, 1925  
A new route to Silver Creek falls has been marked by the Salem chamber of commerce via Macleay.

Sigma Tau fraternity will make repairs this summer costing \$1200.

The basement of the new Y. M. C. A. will be finished this week. It is expected to complete the building by next January.



## "WHOSE WIFE?" By Gladys Erskine and Ivan Firth

### SYNOPSIS

Lawrence Vane, noted portrait painter, is held as a material witness in connection with the murder of his bride of three months following the discovery of a headless body upon the terrace of his penthouse apartment. Three weeks before that happened, two of his friends—Wilbur Renton and Roger Thornley—were discussing their love affairs and Vane's recent marriage to Isabel Mackenzie who was well known to both. Renton's interest in Isabel had caused a break between him and Betty Potter, a pretty young newspaperwoman who lives in the apartment beneath the Lawrence Vane's. Thornley says that he and his wife, Millie, a former show-girl, are leaving for Seattle soon. Renton calls on Betty to plead his cause anew, now that Isabel had married. He tells her that they cannot marry and reluctantly admits that he had been in love with Vane. Renton bitterly denounces Isabel, exclaiming that he'd like to choke her to death. Betty is horrified by his words. Early the next morning, when Renton denies that he has anything to do about notifying the police concerning the Vane murder, and is worried privately because he had called on Betty Potter so close to the scene of that homicide, Inspector Ingles persuades Betty to consult her uncle, Cyrus K. Mantel, famous detective. She does so, and Uncle Cyrus reluctantly accepts the case. He sends Inspector Ingles to the prison in his Tomba cell. The prisoner tells his own story of what happened the night before, strongly maintaining his innocence. After seeing the corpse which is the morgue, "Uncle Cyrus" engages his police inspector friend and calls on the sophisticated proprietress of Kate Doyle's Club, Wilbur Renton, puzzled because the police had been called on by Betty Potter. He is again calling at Betty Potter's apartment.

### CHAPTER XI

Suky answered him for the second time that morning. "Just a minute, Mr. Renton, sub." Was it imagination, or did Suky's voice hold a different note than the usual deferential one with which she greeted him? "Hello? Who is it?" came in the crisp notes of Betty's best business voice.

"Betty! This is Wilbur! I've got to see you, right away. Can I come over to your place now?" She hesitated. "I don't know that that would be wise, Wilbur, under the circumstances."

"What do you mean?" "Well . . . her voice lagged, "you were here last night . . . and just now when—suddenly she became more natural. "Oh! Wilbur, isn't it awful! I can hardly believe it!" "Don't talk any more on the phone," he warned. "I'll be right over."

"All right. Hurry though. I have to have a bite of lunch and rush right out again."

"With you in a jiffy!" he promised, and hung up. As he went up in the elevator in Betty's apartment house, with the suddenly important Robert E. Lee Jackson, he was conscious of that strange, almost palpable scent to the nostrils, that permeates a house of death.

"Suah an terrible, ain't it, sub?" volunteered Lee, rolling his eyes at Renton.

"Yes," Renton started to answer, then caught himself. "What are you talking about, boy?" he snapped.

for now the ebony features were malevolent, and she had her hand raised in a strangely odd gesture that in some way seemed to bear a hidden menace.

Quickly, she entered the elevator room and greeted Betty with a feeling of relief which he knew to be exaggerated, but which he could not control.

"Betty," he exclaimed, "my dear, you look tired, and pale. I know how dreadful this must be for you. . . . and to think that your paper should send you out to cover this 'case.' It's too horrible. Betty, you can't stand it. Why don't you chuck the whole thing? You can't do it."

She turned glowing eyes to his. "Isn't that lovely? They seem so happy together. Perhaps this trip away from the crowd will truly bring them together again."

As Cyrus K. Mantel sat down across the small white table from Kate Doyle, in her night club, the contrast between the two was so marked as to be fantastic.

Cyrus K., small, alert, immaculate, point de vue from his polished shoes to the pince-nez on his aristocratic nose. Curly red hair, spashed with white, from which he had just removed a soft, grey fedora; twinkling, jet-black eyes, under bushy

broods; a wide humorous mouth, which lines at either side, well-groomed hands that would attract the attention of the most casual observer, because of their flexibility as well as their character and unexpected strength.

"Kate Doyle, large, raw-boned, her frantically-blond hair crowning a rugged, life-worn face; steel blue eyes that hated to show their heart softness and sympathy; a raucous voice, a ready laugh, large work-worn, well-manicured hands that could guide a horse or a human destiny with equal assurance and firm surety; a bluff manner that covered a warm human soul."

"I am on that case now, Kate," he told her directly. "What do you know about it?" "Hey! Hey!" she cried in mock terror. "First you want to know what I know about Isabel Vane and then, what I know about the murder case. Which do you mean, Cyrus K.?"

"Don't try to fence with me, Kate," Mantel told her gently. "Why do you refer to the 'murder case'?"

"Kate Doyle's blue eyes laughed at him in the frank appreciation of one who is used to meeting the "sucker."

"You're awfully quick, Cyrus K.," she assured him. "I know plenty about Isabel Vane."

"And about the murder case?" prompted Mantel.

"Well . . ." she hesitated, "well . . . I hardly know whether I know anything . . . or not."

"Let's find out," Mantel said briskly.

"Okay, Big Boy, let's go!"

"First of all, Kate, can you tell me who came in here to your club with Isabel?"

"Whoa, Big Boy, that's a bit order. I'm not too good on arithmetic, and believe me, you had to be able to count, add, and subtract, to keep track of Isabel."

(To Be Continued)

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