"No Favor Sway Us; No Fear Shall Awe" From First Statesman, March 28, 1851 THE STATESMAN PUBLISHING CO. CHARLES A. SPRAGUE Editor-Manager SHELDON F. SACRETT - . . . Managing-L. T

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Federal Control of Money and Credit UT of the gibberish which Father Coughlin talks one extracts his major plank: governmental control of credit and money. The priest apparently thinks the legislation

outting the federal reserve more completely under governnt domination is still inadequate. The authority of the federal reserve bank to issue bank notes for circulation he claims is a misplaced power which should be exercised by the government itself. His candidate, Lemke, on the other hand, favors legislation for refinancing farm mortgages by issuance of federal reserve notes in huge volume.

A really devastating criticism of the whole current formula of easy money and easy credit through the federal reserve banks is expressed in an address by O. K. Burrell, associate professor of business administration at the University of Oregon at a banking conference in Pullman, Washreprinted in the "Coast Banker", and well repays thoughtful study not only by bankers but by business men and publicists.

In bying Prof. ington which was held several weeks ago. The address was

In brief Prof. Burrell lays at the door of federal reserve policies the responsibility for wide swings of inflation and deflation which have occurred since it was established in 1914. This opinion was long the thesis of the Commercial leader, General Franco, and that and Financial Chronicle, a Wall Street publication, which he has had tangible support from weekly during the late '20's fulminated against the easy money policies of the federal reserve as paving the way for a financial crash, which later occurred. Henry Parker Willis, one of the authors of the act, has also objected to the their threats to fire upon Loyalwar-time amendments to the act which converted the federal reserve banks from a banking agency to finance trade and commerce to an agency to finance the government in conducting a war. When the federal reserve bill was before the unjustified and inadmissible supsenate, Elihu Root of New York, was about the only voice to port of revolutionary forces inside point out its potentialities for evil. He declared its mechanism was expansive rather than elastic, that is, it can expand a friendly power. Germany's lessent was expansive rather than elastic, that is, it can expand the currency all right, but cannot or will not contract it in a manner to avoid calamity. So the country rides on waves of paper money to an inevitable catastrophe. It did it in 1920; again in 1927-9. It is doing it now.

In financing ordinary commercial transactions these demands for credit liquidate themselves in the normal course of business. But when the federal reserve banks go out and ting off a world war. Early in buy up vast quantities of government bonds they set up big August a Spanish rebel cruiser credits for the commercial banks which thus become reserves for lending. The banks proceed to lend or sometimes to buy long-time investment securities. This artificial stimulus to commercial bank deposits invites easy credit and generous lending. The foundation of a boom is laid; business then misjudges demand and over-expands. The ensuing contraction brings depression. For example, it is one of the ment did not propose returning traditions of the farmers that the federal reserve banks by calling loans in May, 1920, precipitated the depression of thus embroiling the nation in a that year, which broke farm prices. But the ultimate collapse was inevitable. To quote Prof. Burrell:

The inevitable result of inflationary or cheap money policies is over-optimism when caution should rule, and overpessimism when sound business and sound economics call for expansion. In an economic order whose smooth operation is dependent upon accurate individual business judgment, a governmental policy of cheap money made it impossible for these judgments to function."

The recent effort of the federal reserve board to head off dangerous inflation by credit control, through doubling the reserves requirement, is not effective, in the opinion of Prof. Burrell, because the root of the evil is bank deposit inflation through bond juggling; and the only result of the credit control in a banking system already sadly out of gear is "that new and legitimate commercial transactions are prevented and the free exchange of goods and services that there are considerations lately the official Communists hampered and restricted with resulting stagnation and unemployment." Burrell paints a gloomy picture of the

"The errors of the past are being repeated and compounded. Did easy money policies and excess reserve of less than a billion generate the wildest period of speculation since the Mississippi Bubble? Therefore the remedy is still cheaper money and ex-cess reserves of three billions. Was the non-liquid investment credit expansion of the commercial banking system responsible for over-expansion of capital equipment, unemployment, and chaos in the security markets of 1932? Therefore, make it easier for banks to make real estate loans and to rediscount

His conclusion is as follows: "America desperately needs the stabilizing influence of a commercial banking system. It does not now have one. The typical bank today is something of a cross between an investment trust and a postoffice. . . . The balance wheel of a com-mercial banking system has been all but destroyed in the process of manufacturing and maintaining cheap credit. Individual banks have been compelled to turn to non-commercial credit by the continued outpouring of manufactured bank deposits.

"In 1913 the American people bartered away stability and economic order for easy money and cheap credit. They were, of course, ignorant of the nature of the bargain that was made. They were persuaded to make this bargain by the plous phrases of political liberalism, and in the belief that they could acquire easy and cheap credit without losing stability. The American people have been encouraged to look upon the federal reserve banking machinery exactly as the regency of France looked upon John Law and his printing presses. Their continued devotion to the federal reserve philosophy is explainable only by their disposition to accept the fine expression of noble purpose as sound economics. One of the sad facts of this somewhat imperfect world is that among free men, society may choose either cheap and easy credit or economic order, but not both."

The Statesman has previously condemned the easy ney manipulation of the federal reserve banks in 1927-9 and warned against making the federal reserve mechanism the plaything of politicians anxious to retain their power. We recall how, when the federal reserve act was adopted its | cal consequences of such action. sponsors assured the country there would be no more panics, a prophecy and promise sadly denied by events. However the theory of an elastic currency for a strictly commercial to gain new territory in the westbanking agency is sound, and seemingly Prof. Burrell does ern Mediterranean. The annot question this. It is when the commercial banking system is made the means of financing costly wars, and costly "recovery", and when its interest rates and market operations are interfered with by political pressures that the basic theory of the system is so upset that the system cannot

Instead of putting the federal reserve system further under the dictation of politicians and instead of encouraging the status quo in the islands; this, together with Italy's and Germany's collaboration with the investment of liquid banks funds in long-term bonds, Spanish rebels, and the announceublic or private, the moves should be toward a control free from political or Wall street manipulation, designed to finance the current operations of business and agriculture on a sound basis.

Freedom of the Seas

REAT Britain bristled when a tiny freight and passenge vessel flying the Union Jack was stopped and searched by a cruiser, on the high seas, just before it entered a port of Spanish Morocco. The captain of the merchant vessel demanded an apology from the Spanish captain, which was given when the great battle cruiser, Repulse, of the British navy hove in sight over the horizon line, its guns unlimbered

navy hove in sight over the horizon line, its guins unlimbered and decks cleared for action.

The British cruiser was defending the doctrine of freedom of the seas,—for Great Britain. This was a traditional American doctrine, which the British navy repeatedly overgrowth and the seas of the world was one of Woodrow Wilson's fourteen points. Since then, this country has been busy abando sing its doctrine of freedom of the seas. Now it appears that Great Britain is espousing it,—for British merchant vessels.

that the whole insurrection in Spain was engineered by Moscow. This is a curious putting of the cart before the horse. A left liberal times the growth is an innocent in general. For the horse, a left addressed, stamped entire the course of suppressing it, the liberal government called on all anti-fascist forces, and armed them. Amongst those forces are communists and anarchists, who

On the Record

By DOROTHY THOMPSON

Legal vs. Moral Rights The announcement from Berlin that the Nazi government has instructed German ships to return fire with fire is

contribution to the peace of the world. There are three questions involved; a legal question; a moral question; a political ques-tion. Legally, the German acdebatable. In

case of war, in- Derothy ternational law permits a belligerent to decree a blockade and control the seas off an enemy coast if it can do so. The Madrid government has decreed such a blockade of the coast controlled by the rebels. International law extends this right to the high seas. It includes the right of "visit and search" to investigate possible unneutral services being furnished a belligerent by other powers.

Thus, if the Spanish insurrecficers have paid visits to the rebel Germany in the form of airplanes. If these visits were a recognition of belligerency, then the Nazi pro-tests are totally unjustified, and ist vessels is a breach of international law. If she has not recognized that the insurgents are belligerents, then these visits are

If Germany means her official protestations of neutrality, then her moral position is even weaker than her legal one. The time has passed when the world will condone the protection of a nation's amour propre, at the risk of setfired on the "Blue Shadow," the yacht of British citizen, Captain Rupert Savil, off Gijon. This was not a case of "visit and search" under any possible rules of international warfare. And Captain Savile was killed and his wife injured. But the British government did not propose returning war of incalculable dimensions, On August 7th, the American ship sent a shot across he bows. The American vessel received a boarding party, Captain Kuhne explained that the ship was neutral, and it was allowed to depart in

Britain and the United States together have the greatest navies on the seven seas; each nation is perfectly capable of defending its "rights," and possible insults to national "honor."

her own revolution showed very en existing democracies with revolittle consideration for the rights lution. of nationals of other countries. In April, 1933, when Hitler had been Chancellor for four months, and in supreme control of the country for several weeks, there were lodged, at one time, in the German foreign office, three hundred affidavits, describing assaults of Nazl Storm Troopers upon the national of friendly powers. Russian, Polish, American, Austrian, Czechoslovak, and other citizens, were knocked down beaten and otherwise brutally assaulted. The German government's explanation was that unfortunate episodes were bound to occur in the course of a revolution -although at the time, the Nazis were in complete possession of the country, and there was not a hint of civil rebellion against

We may take it that if, under all the circumstances, the German government decides to return fire for fire, it does so in full realization of the possible politithe fact that Italy has consulted Germany in the matter-and, as far as we know, no other power -and Germany's reply that she was disinterested in any change of the status quo in the islands; this, ment on Priday that Italy had invited Germany, Austria, Hungary and the other central European powers and no others to participate in the forthcoming Italian war games, are all indications that a German-Italian collaboration is at the moment a fact.

Very important, too, is the attitude taken by the government controlled German press in the matter of the search by the Loy-

Bits for Breakfast By R. J. HENDRICKS

Silverton, second city of Marion county, has an norable past, prosperous

The Bits man, invited to speak at the fourth annual Marion county Pomona Grange picnie at Sli-verton park on Sunday afternoon, August 9th. en matters of history tion, said in substance:

I first began to sense the sturand one of the Maschers, and others from this section.

(Wallace Mount became member of the supreme court of the state of Washington. He was a sister of Mrs. Eva Wolfard of Silverton and a son of the late Rebecca Mount of that city.) 4 4 4

A city or a section is best known by the character of its people. So judged, Silverton occupies no mean place in history, and down to the present day. "Tam" McArthur in his book,

"Oregon Geographic Names,"

"Silverton takes its name from the fact that it is located on Silver creek. The early history of the community is given in Down's 'A History of the Silverton Country,' page 223. The first settlement was at a community called Milford, where James Smith and John Barger established a sawmill about 1846. This was about two miles upstream from the present site of Silverton. Down says that the town of Silverton itself dates from the year 1854, but that the name did not come into use until the following year, Varlishments along Silver creek as by J. O. Carr, deputy. far south as Milford were finally concentrated in Silverton, the oth-

may, indeed, prove if the government wish, to have the real power. But that Moscow engineered this fracas, is to imply that the Soviets are lacking in the rudiments of political sense, and there is no reason for thinking that.

On the contrary, the weird and nightmarish political trial going on in Moscow has very important international implications. That it is another cooked-up political demonstration, no one who reads the reports carefully can doubt. Moscow would not put on this show, at this moment, except for a purpose. And the purpose is clear. It is to discredit, in Rus-"Excambion," carrying 120 passis, and throughout the world, the sengers, three of them American Trotskyist group, and to discredit the land — his (the husband's) refugees from Spain, was held up them as thoroughly as possible. by smearing them with nihilism and fascism.

Why does Moscow do this? Because the Trotskyists represent the most active forces in the international Communist movement. In Spain the Trotskyists have been the most active revolutionaries. The same is true in France. The Moscow government was against "rights." But public opinion in the strikes following the installation of the Popular Front, and which outweigh technical have been joining with conservative forces in France, in asking that the Front Populaire be converted into the "Front Francais," Furthermore, protests of out- with the collaboration of all men rage because her nationals are of good will. In this trial in threatened with danger in the Moscow the Russia government is midst of a peculiarly virulent rev- doing nothing less than wash its olution, come badly from Nazi hands very publicly of all forces Germany, which at the height of throughout the world who threat-

> The German government's explanation that its course is only a response to "public demands" is a little funny. Who controls the press, the radio and every channel for the infuencing of public opinion in Germany? No private individuals able to express spontaneous feelings.

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8-25-36 | er location being abandoned. "The name Bargerville was at ested for the new community in onor of John Barger, a nearby and owner. This was rejected because of confusion with Parkers-

"Mrs, T. R. Coon, a member o verton park on Sunday afternoon, a pioneer Silverton family, has august 9th. en matters of history connected with the Silverton section of that Polly Crandall Coon Price actually selected the name of Silverton. She came to Oregon in 1852, following her husband, T. L. Coon, who had arrived shortdiness of pioneer Silverton when T. L. Coon, who had arrived short I met Wallace Mount as a school ly before. Her husband died Jan mate in the University of Oregon, 10, 1854, before securing title to and one of the Maschers, and oth- his donation land claim. Mrs. Coon remained on the land and secured the title and sold town lots, naming the place Silverton. This was probably the fall of 1854 or early in 1855, as the Silverton postolitics was established July 16. 1855, with Charles Miller postmaster. Mrs. Coon mar-ried Stephen Price in September,

3 5 5 (John Barger married James Smith's daughter, Rebecca Jane Smith.)

The marriage records of Mar-ion county show that Polly L. Coon was married to Stephen Price September 27, 1855. Its number was 208; that was the 208th couple officially reported as married in Marion county.

3 3 3 They platted the town of Silverton, though the record does not show any dedication; only a copy of the plat, certified to by T. W. Davenport, county surveyor, and a statement therewith by Davenport showing the lots were a chain and a half broad by two chains long, and that the survey was made April 11 and 12, 1860. The recording was done by A. B. ious milling and mercantile estab- | Cosper, clerk of Marion county. (That meant the original lots

were 99 by 132 feet. Also, they were just lots, numbered north and south, and the blocks not numbered at all. It was usual in that period to measure lots and blocks by the surveyor's chain. That is how the down town streets of Salem came to be 99 feet wide. They are a chain and a haif

But sales of lots in Silverton town were soon made (in fact had already been made) by Stephen and Polly L. Price, and so the lack of dedication has stood, with no one feeling the loss.

Stranger things have happened The original plat of main Salem town was made by Dr. W. H. part of the donation land clair (Continued on Page 10)

Ten Years Ago

August 25, 1926 Pola Negri, fiances of the late Rudolph Valentino, left Los An teles today to attend Valentino's funeral in New York City.

Tuxedo park Junior high school plans were studied by the board at last night's meeting.

Queen Marie of Rumania, has received invitations representing over 30,000,000 citizens asking her to be their guest while visiting in the U. S.

Twenty Years Ago

August 25, 1916 Mayor R. O. Thomas of Turner assaulted, believed to have sworn out a warrant for arrest of Southern Pacific foreman.

Board of Control arranged amicable understanding with prison heads, and all officials are to retain jobs.

Return of the Merchant Submarine Deutschland at Berlin re joiced by four nations.

Daily Health Talks

"TF I HAD only known!" This is an exclamation too often heard then of complete eradication of the been recognized and medical attention immediately obtained. Too often some simple condition is neglected, something due to a trivial and apparently unimportant cause.

I am more confident that if every one were familiar with the signs of this disease, many lives could be saved. A great deal of unnecess.

Time. When surgery and x-ray are combined, the victim is likely to be assured of no recurrence of the dreaded disease.

Answers to Health Queries

J. E. L. Q.—What do you advise for low blood pressure?

A.—This disturbance is ant to

Cancer of the breast is found in women of all ages. It is especially encountered in those who have advise for alcoholism?
borne children. This is because of A.—For full particulars send nursing mothers are subjected.

Often a small tumor or growth

By EOYAL S. COPELAND, M. D. glands. Though this may sound United States senator from New York, terrible, it is in reality a simple Former Commissioner of Health, thing when performed by a com-

when a patient is told she has can-cer of the breast. In most cases this tragedy could have been avoid-ed. It might have been avoided if early signs of the disturbance had

saved. A great deal of unnecessary pain could be avoided. Most of the serious effects of cancer occur as a result of ignorance. The sufferer applies for treatment when it is too late.

A.—This disturbance is apt to be found accompanying some other condition or disorder. For full particulars send a stamped, self-addressed envelope and repeat your question. A .- This disturbance is apt to

Mrs. A. H. A. Q.—What do you advise for alcoholism? the inflammations, infections and self-addressed, stamped envelope irritations of the breast to which and repeat your question.

I cannot overstate the impor-tance of accepting any growth, swelling, pain or discomfort of the breast as a danger signal. Of course, it is probably the result of

pliments.

This did not suit Nan. But instand of showing her jeniousy, she
must make firstious Sugar feel

and could forget Terry Shannon! At

"Your vanity speaking aga".!

What can women see in you?"

(To Be Continued)

also could forget Terry Shannon! At

"GLITTERING GIRL" MAY CHRISTIE

er—on my b. auteous cousin."

Then Sugar Sarrail saw Vernon and apologized for the omission in the half light. He admired her. His bored face lightened a little.

Vernon declined a cocktail in the har. She was agog for Terry's arrival. rival.

Inquisitive Nan brought up the subject immediately. How did Terry come to visit Sugar's home? Who was the attraction?

"My sister-in-law, young Alma." Sugar lowered his voice to add: "Must say his taste surprises me! She's just like Myrtle. They're two of a kind. Sisters."

"But Terry is crasy about Vernon," Nan insisted. Awkward if he didn't show up! She hated three-somes.

What could be keeping Terry?

Vernon wondered restlessly. It couldn't be this Alma person. He had assured her at the Suydams' party that there was nothing whatever between Alma and himself.

Fifteen minutes later, Nan was summoned downstairs to answer a telephone call.

"Two changed my mind. I shall have a cocktail, after all," anciaimed Vernon with an outward show of gaiety, smothering her wretched disappointment over Terry's failure to appear at luncheon in the Goldfish Tavern.

"Atta girll She's learning." And Sugar gave her an admiring glance. It was not the first. Nan was nettled. How dare Sugar's bold dark cyes stray from her own fair face!

"I should be furious with Terry, were I you, Vernon! He was coming on your account. And now he claims that he forgot he had a previous engagement with Alma!"

"I hope to the Lord you didn't spill the beans that I am here?" Sugar gave Nan a sisarp glance.
Nan winked impudently. "D'you think! I was born yesterday?"

Vernon thought: "There are hateful undercurrents in New York.! wonder, is anyone really happy?"

She drained her gless, determined she would put that uncertain gusn-tity, Terry Shannon, out of her mind and heart. There must be something more to this Alma business than admitted, when he would wind you want. All the analysing he what you want to talk is rather per out of a definite engagement to meet sor, at the last minute. As allowly, and his dark cyes burned like twin Yosuvius as he caught her fingers in a tight clasp, "that you're damanly desirable—are I wish to meet sor, at the last minute. As allowly, and his dark cyes burned like twin to meet sor, at the last minute. As allowly, and his dark cyes burned like twin to meet sor, at the last minute. As allowly, and his dark cyes burned like twin to meet sor, at the last minute. As allowly as not. Allowle her her h

Verson's thoughts were bright wings as they drove to the tavern in a taxicab.

It was a small brick house in the East Sixties, with a bar to the rear on the ground floor, and a restaurant above.

Sugar Sarrail was waiting for some qualms. "I promised Foggy' this very minute he was probably deep in a flirtation with his Alma....

Her pride was hurt.

But no one should know about it.

After all, why shouldn't she try to get even with Terry by flirting just a little, in a mild way, with this good-looking, ardent "Sugar"?

Nan's interest in the man was that he would appraciate ap avening the low.



"How can anyone as pretty as you are be such a prude?"

tail," "Sugar" now suggested. It was as though he had a sixth sense where women were concerned, and sensed Vernon's mood.

"So that I can shed my sweetnes and light over a wide variety o ladies?"

"You think I'm incapable of really alling in love?" Yes, Like the bee. Flitting from

"And then flitting on, leaving the ag trall behind you, you vain crea-