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Who Inflated Currency?

George E. Roberts Gives Common Sense Explanation for Currency Increase and Decrease.

GOVERNMENT TOOK NO PART

Due to Changes in Supply, Demand and Prices of Commodities Caused by War—Federal Reserve Not to Blame.

The mistaken notion that the currency is inflated and deflated by the government in the United States from motives beyond the understanding of average people is effectually set at rest by George E. Roberts, noted banker and exponent of sound money, in an article in the Journal of the American Bankers Association.

"There has been inflation by the governments of Germany and other European countries, which have issued money for the purpose of paying their expenses," Mr. Roberts says. "The United States Government has done nothing of this kind since the Civil War."

"There is a genuine need for elasticity in the volume of currency, and for machinery to adjust it to the legitimate needs of the country. The means provided are the Federal Reserve Banks, authorized to issue currency to their member banks, either in payment of deposits or for loans."

"Side-Tracked Like Freight Cars "More currency is needed in September, October, November and December than in January and February. As business slackens, currency naturally retires from circulation. Money accumulates in the member banks and they send it in to the Reserve banks, which in effect retires it, as freight cars are retired when traffic falls off."

"What caused the great inflation of credit and currency? It was due primarily to the war, which made extraordinary demands upon the industries and caused a great rise of wages and prices. It was inevitable that more credit and money would be called for to carry on business."

"The boom year of business that followed the armistice was likewise abnormal. The end of the war released a great many demands that had been held in check. The foreign demands upon us at first increased. There was a temporary stimulus, but the volume of business was abnormal and could not be sustained. Agricultural products in Europe revived, the prices of agricultural products moved back toward normal, importations from the United States fell off, prices declined, "deflation" began."

"Some say 'inflation should not be permitted,' but if war occurs inflation is unavoidable. Recruiting armies makes a labor scarcity. Contractors bid above going wages to attract men. The war industries did the same and the peace industries raised wages to hold their men. Governments of Europe sent representatives to this country to buy food and they bid up prices on the grain exchanges. Higher levels of wages and prices meant that more credit and money was required to handle business."

"The increased issues of currency was a result of allowing business to go ahead, upon the rising level of wages and prices. When a factory pay-roll doubled, twice as much currency had to be furnished for it. When cotton rose from 10 cents a pound to 20 and 40, more currency was required to handle the crop, and so all around the circle."

"Deflation did not come by an act of the government or the Federal Reserve authorities in suddenly withdrawing money from circulation. Deflation came naturally when business fell off and prices declined. Just as an increasing volume of business at higher prices called more currency into use, so a decreasing volume of

business at lower prices released currency from use and caused it to return to the Reserve banks.

"There has been absolutely nothing new or strange in these price movements related to the war. Inflation and deflation have been just as all ways when wars have occurred. The only new factor has been the population. That is always being renewed, and most people do not learn by the experience of others. When hard times come it is always the thing to lay the blame on somebody, and this time the Federal Reserve System has taken most of it."

Judging a Great Institution by Small Defects

By J. H. PUELICHER, President American Bankers Association.

It would be difficult to find a banker understanding thoroughly the Federal Reserve System, willing to admit that we could continue a first-class commercial nation, without the Federal Reserve Banks, or mechanisms similar to them. Yet there is antagonism to the Federal Reserve Banks based in a measure on some minor mistakes in administration, but more generally on a misunderstanding of their purposes, of what should be expected of such a system.

The banker, as much as any man, is to blame for the present misconception. He found Federal Reserve Banks a ready scapegoat to blame for no matter what happened. If it seemed desirable to refuse or call a loan it was easy to say that the Federal Reserve Bank wished it, although it should have been refused because contrary to good banking practice.

Most of all was the system blamed for the fact that violent inflation which hundreds of business men and bankers hoped might be continued forever was finally checked by putting up Federal Reserve interest rates. There were those who blamed the system for not having put up the rate soon enough and others who blamed it because it put up the rate at all.

The penalty for thus blaming every business mishap on this valuable system may be the loss of its much needed benefits. If we wish to save the present bank of the United States from the fate of its two predecessors we must make known to America, to its rank and file, the splendid usefulness of these institutions.

We must admit at the outset that in their administration mistakes have been made, that governors of Federal Reserve Banks and members of the Federal Reserve Board are human beings, and in the administration of the affairs of any institution by human beings mistakes will be made, but these have been so insignificant as compared with the outstanding usefulness of the institutions themselves that they should be judged by the good which they have performed, which, after all, has been along the line of their designed achievement, rather than by those errors which time and experience can easily eliminate.

THE POLITICAL CHASE

"Our friend has been defeated for office many a time, but you can't say he's a lame duck." "No," replied Senator Sorghum. "He isn't a lame duck. He's a wild goose."

Monday is the Enterprise editor's day off.

The Shedd Fair

Young Exhibitors Win a Lot of Awards

By Anna Pennell

Considering the busy time of the year, the Shedd community fair last Saturday was a success as far as attendance was concerned, and it was a success without a doubt in the matter of exhibits on display.

The lunch at noon, served by the Ladies' Aid and Missionary societies, brought \$86.35, which will help some good cause.

Prizes were awarded as follows: Shortborns—Division I—John Duncan first, \$3; Jean Danner second, \$2. Division II—Pearl Danner first, \$3. Division III—Eugene Danner first, \$3.

Jerseys—Division I—Ralph Malson first, \$3; Clarice McConnell second, \$2; Anna Frances McConnell third, \$1. Division II—Edna Pugh first, \$3; Division III—Edith Pugh first, \$3; Willa McConnell second, \$2. Champion calf, Edith Pugh.

Shetland ponies—Katherine Pugh first, \$3; Kenneth Smith (Halsey) second, \$2; Elmer Abraham third, \$1.

Saddle horses—H. B. Clark first, \$3; Elvin Northern second, \$2; Edith Pugh third, \$1.

Ponies—Floyd Johnson first, \$3; Earl Clark second, \$2.

Sheep—J. M. McConnell first and second, \$3 and \$2.

Naildriving contest—Mrs. N. House first, \$1.50; Mrs. Grant Thompson second, \$1; Mrs. May Robnett third, 50c.

Horse race—C. A. Pugh first, \$3; Floyd Johnson second, \$2; E. A. Pugh third, \$1.

Shetland pony race—Katherine Pugh first, \$3; Kenneth Smith second, \$2.

Free-for-all race—Elvin Northern first, \$3; Floyd Johnson second, \$2.

Free-for-all foot race—Elvin Northern first, \$1.50; Ray Wright second, \$1; Robert McConnell third, 50c.

Boys' footrace—Roy Danner first, \$1.50; Stanley Morgan second, \$1; James O'Hara third, 50c.

Fancy work—Division I—Mrs. A. Haverland first, \$2.50; Mrs. A. Clark second, \$1.50; Mrs. Will LaMar third, 50c. Division II—Hope Clay first, \$1.50; Ruth Malson second, \$1; Grace Satchwell third, 50c.

Cut flowers—Mrs. Kitchen first, \$2.50; Mrs. Croft second, \$1.50; Bertha Shedd third, \$1.

Potted plants—M. S. H. F. eeksen first, \$2; Mrs. Croft second, \$1; Mrs. Kitchen third, 50c.

Canned fruit—Mrs. J. C. Clay first, \$2.50; Mrs. Shedd second, \$1.50.

A feature of the fair was a room full of all kinds of antique things, conducted by Miss Lucille Shedd, who appropriately wore an antique costume. In the room were antique dresses and pictures and almost everything old.

The Shedd exhibits are at the county fair this week.

Interest Same as Rent

Abolition of Rent No More Plausible Than Abolition of Pay on Loans, Expert Shows.

It is no more unreasonable to pay interest on a loan of money than to pay rent on a house, declares William T. Foster, Director of the Pollack Foundation for Economic Research, in exposing the fallacy of the attack on interest charges by Henry Ford and Thomas A. Edison in their commodity money scheme to do away with the present financial system. Mr. Foster's argument is reviewed in the present article which is one of a series prepared by the American Bankers Association.

"The Ford-Edison commodity money plan is regarded as a step toward the abolition of all interest charges," Mr. Foster says. "Interest," says the Dearborn Independent, "is a tax that few ancient tyrants would have dared impose. Interest in actual modern practice is a contrivance whereby all production is taxed by parasites, and whereby money is given a supremacy over men, material and management which it cannot sustain."

Renting Money

"But is there really anything more terrible about paying for the use of money than about paying for the use of anything else? Suppose a farmer finds himself in need of a harvesting machine, and without enough money to buy one. In that case he can either borrow a machine of Neighbor Brown or borrow money and buy a machine. The farmer would consider it right to pay in some way for the use of the machine. Why should he expect to borrow money—which is honored in the markets in payment for the same machine—without paying for the use of the money?"

"Now let us suppose that the farmer uses the machine so successfully that he saves a thousand dollars. With that money he can buy a far

ther he can let Neighbor Brown have the use of it. Neighbor Brown naturally would expect to pay rent. Instead of buying the farm, however, he could lend the thousand dollars to his neighbor in order that his neighbor might buy the farm. In that case Neighbor Brown should expect to pay for the rent of the money. All this seems clear. When the transactions are as simple as these it is plain that there is just as great propriety in charging for the use of money as in charging for the use of things that money will buy.

Loaned Money Builds a School

"We may assume, however, that the farmer does not want to buy land and Neighbor Brown does not want to borrow money. In that case the farmer deposits his thousand dollars in a bank and the bank pays him interest for the use of his money. But the bank can pay interest only if it makes profitable use of his money. Now the bank finds that the city needs a high-school building, and has decided to borrow enough money to construct it. In order to obtain the money the city has issued bonds, each of which is a promise to pay one thousand dollars at a specified date, and interest in the meantime at a specified rate. The bank buys one of these bonds. Thus the farmer has had a part in providing the city with a school building; and the farmer has just as much right to expect interest for the use of his money as though he had loaned the money directly or indirectly to Neighbor Brown."

COMPULSORY THRIFT

In Kansas a group of power and telephone companies is trying a compulsory thrift plan, which affects about 1,200 employees and applies to every member of the organization from the president to the humblest day laborer. The plan requires that each shall save and invest monthly at least 10 per cent of his income.

Every month each employee must make a report to the general office of how much he has saved, and in what he has invested it. The investment must be approved by a committee competent to advise. Government securities, savings bank accounts, building and loan stock, payment on a home, even payments on furniture are allowed. If debts have been incurred, these must be listed and payments may be arranged on them, but no more are to be assumed. The idea is to make the employee live within his means and also lay aside something in a definite form.

Reports for the first nine months show that about 13 per cent of the wages have been saved, no single employee falling below 10 per cent. This amounts to over \$100,000. Failure to report or to save brings dismissal, but in only two instances among the 1,200 employees was such action needed. Budget books are distributed and their use explained as a helpful method in establishing a working scale of living that will allow for thrift.

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If you have been ailing for any length of time and do not get any better, do not fail to call, as improper measures rather than disease are very often the cause of your long-standing trouble.

Remember above date, that consultation on this trip will be free and that his treatment is different.

Married women must be accompanied by their husbands.

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Albany Directory

This is good advice: "If you live in Albany, trade in Albany; if you live in some other town, trade in that town." But in these automobile days many residing elsewhere find it advisable to do at least part of their buying in the larger town. Those who go to Albany to transact business will find the firms named below ready to fill their requirements with courtesy and fairness.

Albany Bakery, 321 Lyon street. Best one-pound loaf of bread made. 7 cents; 3 for 20c. Wedding cakes to order.

Albany Floral Co. Orders filled carefully for everywhere or any time. Flowers, wire anywhere in U. S. or Canada. Flower phone 458-J.

ALBANY GARAGE. "Student-baker" and "Star" automobiles. General repairing and supplies. G. T. Hockensmith.—Lloyd Templeton.

Blue Bird Restaurant, 309 Lyon street. Eat here when in Albany. Open from 6 to 2 and 5 to 8. MRS. BLOUNT.

BRUNSWICK PHONOGRAPHS at WOODWORTH'S

Eastburn Bros.—Two big grocery stores, 212 W. First and 225 South Main. Good merchandise at the right prices.

Films developed and printed. We mail them right back to you. Woodworth Drug Company, Albany, Oregon.

Flood's dry goods store is the best place in Albany to buy dry goods, furnishings and notions. Service is our motto.

FORD SALES AND SERVICE Tires and accessories Repairs KIRK-POLLAK MOTOR CO.

Fortmiller Furniture Co., furniture, rugs, linoleum, stoves ranges. Funeral directors. 47-433 west First street, Albany, Oregon.

Holman & Jackson—Everything for your table except the linen. Highest quality and prices reasonable. Phone 43 Opposite Postoffice.

Hub Cleaning Works, Inc. Cor. Fourth and Lyon Master Dyers and Cleaners Made-To-Measure Clothes

Men and money are best when busy. Make your dollars work in our savings department. ALBANY STATE BANK. Under government supervision.

Miller Motor Sales Oakland and Jewett cars Supplies and accessories First and Baker Sts. Albany, Oregon

Morton & Speer Service Company Headquarters for good tires Phone 65 First and Lyon

ROSCOE AMES HARDWARE, the WINCHESTER STORE 322 W. First st.

Specialized shoe repairing. Good-year welt sole sewing. White's Shoe Repair Service, Opposite Hotel Albany.

S. S. GILBERT & SON Chinaaware and gift shop 330 West First Albany

STIMSON THE SHOE DOCTOR Second street, opposite Hamilton's store. "Sudden Service."

Waldo Anderson & Son, distributors and dealers for Maxwell, Chalmers, Essex, Hudson & Hupmobile cars. Accessories, Supplies. 1st & Broadalbin.

ALBANY METZGER'S OREGON SHOE SERVICE Shoes that cost less per month of wear

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FOR SALE 2 Shepherd Pups \$2.50 each

R. M. MILLER, Harrisburg.

Jots and Tittles

(Continued from page 1)

J. Cram of Harrisburg has been sent to the insane asylum.

Twenty marriage licenses were issued in this county in August, seven divorce suits filed and five divorces granted.

Mrs. C. H. Bone of Spokane, sister of Mrs. Felle Frum, arrived Thursday to visit the rest of the week.

The grand jury did not indict Ramsey, the driver of the Pickwick stage which was wrecked near Shedd, and he was released.

Jess Davis of Halley, who had appealed from the verdict convicting him of maintaining a bootleg nuisance, changed his mind and plead guilty Friday.

Murderer Parker gave notice of an appeal at the last minute and Governor Pierce gave him a reprieve to allow it to come before the supreme court.

R. T. Brown, county clerk of Umatilla county, and Mrs. Brown, one time Miss Plymate of Halsey, were in town Thursday visiting old acquaintances.

The Missionary society of the Christian church will meet next Tuesday at 2 p. m. with Mrs. Forster. Mrs. Lyle Chance will lead. As it is a home-coming meeting, every member is urged to attend.

The Hill interests are acquiring so much timber in the eastern part of the county that they're expected to build a railroad connecting the Oregon Electric with Cascadia and perhaps going beyond the Cascades.

Mr. and Mrs. Robertson, Mrs. Adda Ringo and Jesse Cross returned Sunday after spending the week end at Newport. Miss Donna Robertson, who had been spending a week with the Koontzes, accompanied them home.

Fred Jackson is going back to Salem to his old job as guard at the penitentiary and will sell off his stock and equipment at auction. Bert Haynes will succeed him in charge of the Shepherd place.

Thursday evening Phillip Hart of Illinois tried to drive his car past that of Mrs. A. T. Fengeward of Minnesota, both coming this way, just this side of Shedd and collided, and both cars were dented and damaged. The lady and her son were somewhat bruised up.

John Bennett, the Eugene Register pressman, called at the Enterprise office as he and his family passed through town on the way for a visit to his home city, Salem, Sunday. His parents have removed from the capital city to Portland.

Ten Halsey high school students of the last term plan pursuing education further, as follows: Misses Mearle Stratey and LaVelle Palmer at Monmouth and Pearl Pehrsson, Delma Wahl, Glenn Frum, DeLos Clark, Virgil Corbin, William Corcoran, Kenneth Cross and Wayne Robertson at O. A. C.

H. M. Moore, who is employed as a deputy sheriff to round up the delinquent dog taxes near Halsey, called at a home to inquire about a license and was in the act of looking to see if the dog had a collar, when he was bitten in the hand. Moore shot an ear off the dog and it later died. The canine did not have a collar for this year, it was reported.—Lebanon Express.

Chester, son of C. A. Kelly and wife of Albany, was drowned while swimming in the river at that place Thursday. Ort Irons of Pennsylvania was at the fair ground overhauling an airplane which he had bought. Hearing of the drowning and that men were searching for the body, he hastily put together the parts of his partially dismantled machine and went to aid in the search, but just as he reached the place the plane became unmanageable and plunged and Irons was fatally injured.