

What About Interest Rates?

Babson Advises Short Term Investments

Babson Park, Mass., Sept. 25.—An interest rate is a money fee paid by those who have less than they need of money, to those who have more than they can use. The rate at which money will be lent during the coming inflation will depend upon the relative status of two elements: (1) the eagerness of those who have insufficient money to have or do things which require money; (2) the eagerness of those who have ample funds to loan money for an interest revenue.

How Inflation Works On Interest Rates

Inflation means that there is plenty of money of a kind. In some cases, inflation takes on the characteristic of an apparent shortage of purchasing power. In Germany in the 20's since the huge increase in the supply of money was placed to the benefit of a small clique, the rest of the nation suffered a severe shortage of money. Prices would go up faster than this flood of money would reach the public and most businessmen. This advance was caused both by a decreasing desire to hold onto money and by an increasing demand for tangible goods.

If inflation should take the shape of a huge expansion of currency, or a sudden increase in the use of currency, there might be greater assurance that interest rates would go up during inflation. In this country, however, inflation is taking the form of slow bank deposit inflation.

So many people use checks to spend their bank deposits that we are not immediately threatened with radical currency inflation.

Government Now Controls Rates

Inasmuch as the government now controls the Federal Reserve board, the interest rates which are accompanying the present slow inflation are a matter of government policy. One must not forget that ever since the banking system was invented, the supply of monetary funds, whether as credit or currency, depended upon government legislation rather than on gold or silver.

Today most of the money lies in the coffers of the banks and big corporations. The willingness with which they have been lending money to the government is because they want to hang onto the privilege of lending. They especially fear competition from the government which has shown its readiness to assure a large supply of lendable funds if banks are not willing to do so.

Money Rates During the War

Recent statements emanating from government quarters indicate that the controller of the currency, when examining banks, will tend to consider the government bond portfolio of such banks as a non-risk element in the bank's earning assets. On this basis, banks may be permitted to continue the purchase of government bonds regardless of their financial statement. Consequently, banks are engaged in the wholesale purchasing of government bonds.

During the war, we should continue to witness low interest rates. Deposits, however, will so increase that, notwithstanding low rates, banks should be able to earn dividends during the war. If allowed to make higher service charges, they may even accept a lower rate of interest on their government bonds. The deposits of the average bank increase to about 75 per cent of its increase of government bond holdings.

Money Rates After the War

In the post-war period, there will develop a resumption of international trade which should cause a renewed demand for funds for the purpose of rehabilitating devastated regions and inventories. This will come just at the time when individuals and businesses will be subjected to most severe income taxes which they may not have the money to pay. Due to increased wholesale prices much more capital will be required to carry adequate inventories. Hence, many must go to the banks to borrow. Individuals will then want to cash in their war savings bonds so that the government may also have to borrow from the banks to get the money to pay them.

This cashing in of government securities held by individuals will not be sufficient to replenish the coffers of such individuals or business firms. It is likely, therefore, that despite the inflation of the post-war period, much of the money supply will be frozen. Banks will experience a rather heavy demand for loans, thus permitting them to charge higher interest rates than can be thought of today. Furthermore, from fear of a decreasing value of money due to inflation, lenders will

Air Thriller On Rialto Screen



"Wings and the Woman", air thriller which opens a four-day run today at the Rialto Theatre, brings to the screen the first story of the women who ferry the flying fortresses to the men who drop bombs on Hitler and his lot. Anna Neagle and Robert Newton star.

Frankenstein Show At Holly



Frankenstein comes back from the dead to haunt the living in "The Ghost of Frankenstein", opening a three-day showing Sunday at the Holly Theatre. Lon Chaney, Jr., replaces Boris Karloff in the horror role of the monster. "Sunday Punch", featuring Jean Rogers and Guy Kibbee, will play as the companion feature.

Roxy Hill Billy



The Weaver Brothers and Elvira put forth an all-out laugh attack in "Shepherd of the Ozarks", hilarious hill-billy show starring the popular group at the Roxy Theatre for tonight and tomorrow only. "Boot Hill Bandits", featuring the Range Busters, plays as the added Western.

The outlook for banks is probably more hopeful now on such a long-term view than it ever has been since 1928. A small increase in interest rates should greatly add to a bank's profits. Of course, politics enter into the problem. Social reformers always enjoy tinkering with some

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Tarkington Picture Here Sunday



The most amazing screen drama in years comes to the Crater Theatre Sunday for a three day engagement with "The Magnificent Ambersons", Booth Tarkington's best-selling novel produced by Orson Welles, the man who made "Citizen Kane". Dolores Costello, Richard Bennett (matinee idol of yesterday), Joseph Cotton, Anne Baxter and Tim Holt have starring roles in this strange story of a woman who loved too hard.

10 years when they probably then can be exchanged for a better security paying a higher rate of interest.

The original Panama City, founded in 1519, was destroyed by Morgan the buccaneer in 1671.

Fluhrer's Saturday Special

All Kinds of Cookies

With the opening of school—why not have on hand a goodly supply of our delicious cookies?

Sugar, Oatmeal, Peanut, Coconut, and Others. 15c a Dozen.

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LUMANS'

It Always Pays to Buy at Lumans'

MINCE MEAT

Kerr's Best

2 lbs. for 29c

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3 tins for 25c

GRAPE FRUIT

Fancy Royal Club 303's

2 tins for 25c

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Prices Now 'Til Monday Night

Save time, save money... Come direct to Lumans' for your foods... you will enjoy shopping in this big, daylight store... Tempting displays of the kinds of foods you delight in serving your family.

PUMPKIN

Royal Club or Diamond A No. 2 1/2 size tins

Each 12c

CRACKERS

Cascade Brand Sodas or Graham Fresh and Crisp

2 lb box 22c

LUMANS' MEATS SOLD TO YOU FRESH WHEN FLAVOR IS BEST

Beef Pot ROASTS Choice Cuts lb. 23c Country Style Sausage... lb. 23c

Shoulder Veal Roasts, lb. 25c Choice Cuts BEEF Short Ribs, lb. 17c STEAKS or Pork Chops, lb. 30c Loin Cuts

A FINE ASSORTMENT OF LUNCH MEATS, CHEESE AND PICKLES

Nice Assortment of HENS Fat Young Tender lb. 28c Luman R. I. Red and Barred Rock FRYERS Milk & Corn Fed lb. 35c

LEG O' LAMB, No. 1 grade... lb. 30c

Medium Thick Quality Bacon, lb. 30c Choice Pork Roasts, lb. 30c Loin or Rib Veal Steaks, lb. 30c Tender—Tasty

HOME RENDERED LARD... 3 lbs. 50c

Sirloin or T-Bone Steaks, choice, lb 30c Fresh Side Pork lb. 23c

FLOUR

KITCHEN QUEEN 1 89 49-lb. Sack

Klamath BOUQUET 1 49 49-lb. Sack

DRIFTED SNOW 2 09 Enriched—49-lb. Sack

FISHER'S BLEND 2 09 49-lb. Sack

Meco CATSUP 12-oz. bottle 12c

SALAD DRESSING or SANDWICH SPREAD

Table Queen Brand

Quart Jars 33c

SEGO MILK PYREX OFFER

MEASURING CUP for only 24 LARGE SEGO COUPONS

PYREX BAKING DISH for only 60 LARGE SEGO COUPONS

4 Tall Cans 35c

LUMAN'S



SATURDAY SPECIAL

COOKIES FOR THE KIDDIES

A good supply of Cookies in the Kiddies' lunch is never amiss. This week-end we feature for their pleasure—

SUGAR, OATMEAL, PEANUT, COCOANUT AND OTHERS

Dozen 15c



Fresh Daily

Fresh Carrots, Beets, Turnips, Cabbage

LARGE CRISP CELERY

New Crop SWT. VALENCIA ORANGES

LETTUCE, lg. heads, fresh, solid

An Important Announcement ...TO OUR LAUNDRY AND DRY CLEANING PATRONS!

In cooperation with the national rubber conservation program we have eliminated house-to-house pick-up and delivery service, confining delivery to commercial accounts only. To take the place of this regular service we have established a convenient down-town office.

DROP IN SERVICE WILL BE MAINTAINED AT THE STAR CLEANERS

102 EAST MAIN

From 8 a. m. to 7 p. m. Daily

The same high quality laundry and dry cleaning service will be provided from this convenient down-town headquarters.

CRYSTAL WHITE LAUNDRY