

# Herald and News

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## NEWS BEHIND THE NEWS

By PAUL MALLON

WASHINGTON, June 26 — The house banking and currency committee has been in a state of stupefaction since hearing recent testimony by Federal Reserve Chairman Eccles.

He announced officially and persistently that our gold reserves have nothing whatever to do with the value of our currency, that we are completely off the gold standard.

If there was stupefaction in congress, there must have been conviction fits around the treasury at such a plain official suggestion that the gold (and silver?) buying policy was a flop, that the value of the dollar is really only what the government says it is.

Rep. Frederick Smith, an Ohio republican, led Mr. Eccles up to the subject, suggesting that the country is getting near fiat money; that the war might cost \$300,000,000,000; that even if the cost only gets up to \$200,000,000,000 (appropriations already have reached \$208,000,000,000) the question of the gold reserve becomes important.

"No," said Mr. Eccles. "There was a feeling that by increasing the price of gold, you recall, that the increase would be immediately reflected in increasing the price of goods. Well, of course, that, as we all know, didn't work, so I say the question of the gold reserve doesn't have any relationship to the stability of value of the currency."

Mr. Smith: "Either bank currency or circulating currency?"

Mr. Eccles: "No, I don't think so."

Mr. Smith: "What then is the fundamental principle of the federal reserve banking act?"

Mr. Eccles: "Well, it isn't that."

Mr. Smith was obviously flabbergasted. He pleaded: "I don't believe you want to go on record as saying that I don't believe you want to say that."

Mr. Eccles: "That is right, yes, I do." Then later on: "I do deny that the amount of the gold reserve, or the gold requirements have anything to do with the price level, which means they have nothing to do with the value of currency."

Mr. Smith: "Aren't you, in effect, saying there is no relation whatever of gold in this country to our currency?"

Mr. Eccles: "That is right."

Mr. Smith: "There is no relation whatever?"

Mr. Eccles: "That is right."

Mr. Smith: "You then take the attitude we are completely off the gold standard?"

Mr. Eccles: "Yes, completely."

Mr. Smith: "I am rather astonished. It makes no difference then whether we have an ounce of gold or whether we have 700,000,000 ounces?"

Mr. Eccles: "It has made no difference to Russia for 20 years; no difference to Germany for a long while. Most of the countries of Europe had to give up the idea of the gold reserve. Their currencies have gone into mangled currencies. . . . The Russians have mined gold as a commodity to sell to the democracies and get goods that they wanted to get and they haven't looked upon gold as a necessary item to support their currency."

In other words, gold is good for teeth and for selling to Mr. Morgenthau at the arbitrarily inflated figure of \$35 an ounce, not much otherwise.

Mr. Morgenthau is sitting on the world's largest amassed pile of it, and there is nothing he can do with it, except to increase the problem by buying some more from Britain or Russia, which means giving away public money for gold.

Thus has the cut from old ties now been officially conceded for the first time by the head of the banking system. Mr. Eccles has merely recognized the obvious effects of administration policy, which any reader of this column will recall having read from time to time for years back.

The important point is that it is now official. No one can be accused of being against the administration for saying the policy was a failure.

The value of currency, it appears, is not in the hands of Mr. Eccles or Mr. Morgenthau, but in the hands of Leon Henderson. When you read the prices of food in your grocery, you will find out the real value of the dollar these days.

What this portends for post-war policies, domestic and international, cannot be foretold yet, but they are all rooted in the basic gold theory.

Certainly this seems to mark an official end of the new deal era of grand mechanical economic formulas to control prices indirectly by taxation, by the Warren theory, by gold or silver.

### Rationing Now Firmly Established

RAPIDLY mounting work in connection with war rationing has resulted in a plan for establishment of a rationing office here, and Mrs. Effie Garcelon, until now a member of the rationing board, has been appointed executive secretary of the board. Mrs. Garcelon has served loyally and efficiently on the rationing board, and she can be depended upon for the same kind of service as executive secretary.

It appears that the board quarters will be removed from the chamber of commerce quarters, where it was located when rationing was first started. This will relieve the chamber of commerce of a heavy burden which that organization readily and voluntarily assumed as an emergency measure. The chamber has given space, lights, telephones and the time and effort of the chamber secretary, who has served as clerk of the rationing board without pay. The county court has assisted the chamber of commerce in paying wages for the staff, which has increased to eight as the work of the board has mounted.

Rationing began as a means of allotting tires to eligibles. Since then, it has rapidly expanded in the handling of sugar, automobiles, typewriters, etc. It now appears that rationing will be an important function in each community for the duration of the war, and establishment of a separate rationing office with staff is necessary. The rationing board here, composed of Don Drury, Percy Murray and Mrs. Garcelon, has given gratuitously of time and effort to make the program work. We believe strongly in keeping this work in the hands of local citizens.

The general purpose of rationing is to assure equity in distribution of the diminishing supply of consumer goods in wartime. It is a fair policy that must be fairly administered. The local people who have been given this responsibility have done a good job.

### Beatty

BEATTY—The small community of Beatty has gathered together better than 10 tons of scrap rubber. This speaks well for the patriotism of its inhabitants, who deemed no piece of rubber too small to be of value when added to the pile of used tires, officials stated.

Mr. and Mrs. Steve Driscoll and daughter Alma, and Mr. and Mrs. Adolph Lautto were Sunday dinner guests at the Casey ranch.

The Hill brothers have moved their large herd of cattle to their reservation pasture land for the summer.

Mrs. Axel Carlson and children, spent Sunday visiting at the Beatty store.

Pearl Boyd and her daughter Opal, spent last Monday and Tuesday in Klamath Falls.

Joe Corbett, fire warden, has moved to Beatty.

Mr. and Mrs. B. V. Bradshaw spent Thursday and Friday in Klamath Falls.

On Thursday, funeral services for the late Fred Hood were held from the Ward Funeral home in Klamath Falls, the Rev. Bradshaw officiating. Burial took place in the afternoon at the Chief Schenckin cemetery.

Mrs. Stevens has as her house

### He Snags Bouncing Catch



The government's scrap rubber drive was bigger by 250 pounds—a bale of crude rubber—which Albert W. Philpott, Detroit plumbing contractor, turned in. He "caught" it while fishing off Florida. A freighter loaded with rubber had been torpedoed in the vicinity.

### ANSWERS TO WAR QUIZ

(Questions on Page 2)

- The 10 figures signify the Ten Commandments. The wearer of the insignia is a Jewish chaplain.
- Hearty eater.
- On this date the standing army was discharged.

### Fort Klamath

Mr. and Mrs. Harry Baum spent last weekend in Eugene, where Baum attended the trapshoot.

JoAnn Sisemore, daughter of Mr. and Mrs. Jerry Sisemore, has completed the two-weeks' summer school of instruction sponsored by Mt. Carmel Catholic church at Chiloquin.

Mr. and Mrs. Lester Kirkpatrick of Klamath Falls visited here Sunday with Mrs. Joanna Taylor at the Fort Klamath hotel. The Kirkpatricks owned and operated the hotel here 24 years ago.

Mrs. Frank Denton has recovered from a tonsillectomy which she underwent recently. Her sister, Mrs. Clara Beall of Arcata, Calif., is visiting here at the Denton home.

Mr. and Mrs. Loren Miller of Dillard, Ore., are in Fort Klamath, staying at the Wood River auto camp while here.

Gene Page arrived home Monday from Portland, where he spent several weeks visiting his grandparents, Mr. and Mrs. N. Smythe.

Mrs. Bob Cable returned home Tuesday from Klamath Falls, where she has been a patient at the Klamath Valley hospital since last Saturday. While not entirely recovered from her illness, Mrs. Cable is able to be around again and in charge of the Junction lunch stand, service station and camp ground which she operates one mile south of here.

Monday visitors at the home of Mr. and Mrs. Fred Zumbrun were Mrs. Zumbrun's sisters, Mrs. J. S. Gurtle and Mrs. George Ferrell, both of Klamath Falls.

Henry Orth is recovering from a severe illness which he suffered the first part of the week. Dr. and Mrs. E. R. Derflinger and daughter Vera, returned to their home in Salem on Wednesday, after spending some time here and at Lakeview in connection with Derflinger's work as assistant state veterinarian.

Miss Arlene Allen, Miss Patry Zimmermann and Miss Wanda Albert, all of Chiloquin, spent Wednesday evening visiting Miss Lois Loosley at the home of Mr. and Mrs. William Zumbrun at the Zumbrun ranch.

### Weyerhaeuser

Mr. and Mrs. J. D. Stewart and two sons of Dorris, Calif., have moved into the Hugh Patton house. Lonnie will attend the camp school and John the Keno junior high school.

Mr. and Mrs. W. M. Jones and daughter Beverly, Mr. and Mrs. Tom Tenney and Mr. and Mrs. Gordon Good attended the baseball game in Dorris Saturday night.

Mr. and Mrs. Lloyd Harbin of Camp 6 spent Sunday with friends and relatives here.

Mrs. W. M. Jones was hostess at her home for the June meeting of the Pinochle club. Traveling prize was won by Mrs. Tom Tenney, high by Mrs. Kenneth Bayless, and low by Mrs. Bill Stacy.

It took over two million years to make us what we are—and still the majority of people aren't satisfied.

### SIDE GLANCES



"This book says a baby is very quick to follow the example of its parents, George—I guess you'd better give up smoking!"

### Klamath's Yesterdays

From the files—40 years ago and 10 years ago.

From the Klamath Republican June 26, 1902

The Ashland chautauqua will be held again this year.

Ranchers have been cutting wild hay and rye, and will commence cutting alfalfa about July 1. The hay crop of all kinds is first class this year.

Posters have been circulated announcing a farmers' institute for Klamath Falls.

From the Evening Herald June 26, 1932

Lumber firms have begun activity here, giving employment to a considerable number of men.

Ralph and Clarence Hill of Henley headed south today for the semi-finals of the Olympic trials at Long Beach, Calif.

Gasoline prices jumped to 23 cents a gallon here today.

### Midland

Mrs. George Heavilin of Medford spent the weekend with her son and daughter-in-law, Mr. and Mrs. O. R. Heavilin.

Mr. and Mrs. H. B. Largent returned home Sunday from the state grange conference at Milwaukie, Ore., where they represented delegates from Midland grange.

George Tomlin of Vallejo, Calif., visited with relatives over the weekend.

Mrs. Luttrell and daughter Lavern of Vallejo, Calif., visited with her son, Melvin, this past weekend.

H. E. club will hold its regular meeting at the home of Mrs. John Liskey on Tuesday, July 7. Wilson Phipps of Enid, Okla., spent the week with his relatives, Mr. and Mrs. J. H. Phipps. Phipps is stationed at Woodring Field.

### Langell Valley

Mrs. Ladd Hoyt and Miss Helen Cznowski of Klamath Falls, spent the weekend with Mrs. Hoyt's parents, Mr. and Mrs. Oscar Campbell. On Sunday, Mr. and Mrs. R. O. Hoyt of Klamath Falls were dinner guests of the Campbells.

Mr. and Mrs. Jerry McCarty left Sunday evening for Portland. Jerry has been quite ill and will receive medical care.

Mr. and Mrs. L. W. Monroe and daughter Peggy, spent last weekend with their daughter, Mrs. Reg Thomas. They also visited other relatives and friends while in the valley.

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Mrs. Earl Hall and son, and Mrs. Bob Hall were in Klamath Falls Tuesday.

The Women's Society of Christian Service of the Methodist church met at the home of Mrs. Irving Wiley Tuesday evening, June 23. Ten members and four guests were present. Mrs. John Lott, a delegate to the Methodist conference in Portland, reported on the conference. Rev. Gilbert Brown of Freewater, Ore., will be the new pastor at Chiloquin and Fort Klamath for the following year. Rev. and Mrs. Brown expect to be here in July.

Mr. and Mrs. John Varnum are visiting friends in Chiloquin and relatives in Fort Klamath and Bly. They spent the winter in San Jose, Calif., and expect to return there in the fall.

Mrs. Katherine Hulme left Saturday evening, June 20, for San Francisco to spend part of her summer vacation.

Mr. and Mrs. Andy Sullivan were in Klamath Falls Tuesday evening.

Mr. and Mrs. Loy Barker and son Jerry returned from Portland Sunday, where they spent the weekend.

Mr. and Mrs. Ernel Hosley and son are back in Chiloquin after a two-week vacation spent in Portland and on the coast.

The Chiloquin local CIO club are having their third annual picnic at the gravel pit, seven miles north of Fort Klamath all day Sunday, June 28.

### Telling The Editor

LETTERS printed here must not be more than 300 words in length, must be written legibly on ONE SIDE of the paper only, and must be signed. Contributions following these rules, are warmly welcome.

PRaises USO

FRESNO, Calif., (To the Editor)—I have been following the USO drive in Klamath ever since it has started, and I'm very much impressed at the way the people are responding. Being a soldier and from Klamath, I thought I would write a few lines to tell you how very much it does mean to every one of us. I could write on indefinitely about what the USO has done, but you can be sure they do everything possible for us. When a soldier is away from home he can always count on the USO to furnish some sort of entertainment on his off duty hours.

If this small letter is of any possible use to further your drive, you are welcome to use it, because as far as I know no soldier has written to let the home town people know what we soldiers think of the USO.

Yours truly,  
Pvt. Richard F. Muskopf, Jr.  
392nd Bomb Squad,  
Hammer Field.

### Bonanza

The Bonanza-Langell Valley Garden club met at the home of Mrs. C. Maddox Friday. An interesting program on vegetables was given by the members. As the next regular meeting date falls on July 3, it was decided to postpone it until July 19, when the club will meet with Mrs. Ada Sparreton at her home.

Martin Brown and David House spent the weekend fishing at the North Fork of the Sprague river.

Mr. and Mrs. Dan Werner of Ashland spent several days last week visiting with friends and relatives in this district. Werner is sergeant of police guards at Camp White at Medford.

Mr. and Mrs. Elva Maxwell and daughter Dolores, Mrs. Lola Pankey and Edith and Ruth Eta Pankey and Mrs. George Maxwell spent Father's day with Mrs. Pankey and Mrs. Maxwell's parents, Mr. and Mrs. Cy Pool, at their home in Willow Ranch, Calif. A niece, Geraldine Dyer of Redding, returned with them to spend the summer in Bonanza.

Mrs. Fred Mullenax, Helen Gowan and Lila Driscoll were business visitors in Bly on Friday.

C. B. Morrison, state industrial accident auditor, will be in Bonanza all this week at the Horsey irrigation office, where

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### STRICTLY BUSINESS



"You will notice, gentlemen, our new conference table can be used as an air raid shelter!"

### EMBARRASSED

BRADFORD, Pa., (AP)—A practice air raid blackout embarrassed two young women carrying several bottles of beer down a street.

When the sirens sounded, a special policeman hastily escorted them to the nearest air raid shelter—the First Methodist Episcopal church.

"I had to do it," explained the officer. "It was the only place to put them."

Some speakers talk along interesting lines—others just talk along.

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## VOX

Always 25c - Inc. Tax

Tomorrow and Sunday Only!

DEATH DANCES TO THE BEAT OF JUNGLE DRUMS!

## MAD DOCTOR

OF MARKET STREET

LIONEL ATWILL  
UNA MERKEL  
NOT PENDLETON  
Claire DODD

—PLUS—

Ken Maynard  
in  
"WHIRLWIND HORSEMEN"

## PELICAN

NOW PLAYING

— First Feature —

A TOUGH DILEMMA!

## Butch Minds THE Baby

Virginia Bruce and Dick Foran

— Second Feature —

## Stardust on the Sage

GENE AUTRY - Smiley Burnette

COMING SOON

Liberty Magazine's 4 Star Picture

## "SABOTEUR"

## PINE TREE TODAY and TOMORROW

—First—

nice

## "WHAT EVERY GAL SHOULD KNOW!"

by Roxie Hart

"Never lose your temper!"

"Never talk to a gent without an introduction!"

## Jinger ROGERS ROXIE HART

Who Could Do No Wrong (But, Brother, She Tried!)

with ADOLPHE MENJOU GEORGE MONTGOMERY

—Second—

HERE COMES THAT HAIR-TRIGGER... HARD-RIDIN' HERO!

"Hoppy" against the boldest band in the badlands!

## WILLIAM BOYD STICK TO YOUR GUNS

with BRAD KING - ANDY CLUDE - JACQUELINE HOLY