

By FRANK JENKINS
The federal trade commission charges the New York Coffee and Sugar Exchange today with having unlawfully restrained international trade in coffee, thereby promoting substantial increases in coffee prices in 1933 and 1934.

It charges that the defendants have had an agreement to RE-STRICED contracts for trading in coffee futures (that is to say, contracts to buy or sell coffee for future delivery.)

This agreement, the FTC says, has operated to LIMIT FUTURES TRADING to Brazilian coffee of certain specified grades shipped from a LIMITED number of Brazilian ports to the port of New York.

The commission adds that the effect of this practice has been to limit futures trading in coffee to about 10 per cent of the total amount of coffee actually imported to the United States.

It says that this and other practices have a dangerous tendency to LIMIT COMPETITION.

I think maybe we'd better explain in a little more detail this business of "futures" trading.

An "exchange" is a market place where buyers and sellers gather to trade in commodities and securities. (The best known commodity exchange in our country is the Chicago Board of Trade. The best known securities market place is the New York Stock Exchange.) At these places the trading is by bid and take—the buyers bid and the sellers accept or reject the bids.

The trading is in both "cash" and "futures." A cash trade is for IMMEDIATE delivery. A futures trade is for delivery at some future time. A future deal represents the combined judgment of buyers and sellers as to what the price (based on supply and demand) will be at some FUTURE time.

It is obvious that the bulk of the SPECULATIVE trading is in these "futures." If a trader thinks demand will exceed supply, he BIDS UP for future delivery. If he thinks supply will exceed demand, he "bids down." That is, he contracts to deliver a certain amount at a certain price at a certain date. This practice is known as "selling short."

At any rate, it is apparent that by collusion among traders to limit the dealings in a certain commodity the market can be manipulated for the benefit of the speculators.

The federal trade commission alleges that this is what happened in the case of coffee trading on the New York coffee and sugar exchange.

I think the opinion prevails among the uninformed that commodity and security exchanges are THIMBLERIGGING INSTITUTIONS that ought to be done away with.

That isn't true. Let me cite an instance:

On the Chicago Board of Trade this morning soybean prices shot up NEARLY NINE CENTS at one time. Why? The reason lies in the torrential rains that fell in a considerable area of the soybean belt over the weekend. The reasoning was that the rains would damage soybeans not yet harvested and thus reduce the supply.

That is a sound economic reason for higher prices.

This is the truth:

The business of government is to see to it that trading on the commodity and security exchanges is HONESTLY CONDUCTED—just as it is the business of government to see to it that ALL business is honestly conducted.

This also is true:

Those who seek monopolistic control of the markets, FOR THEIR OWN BENEFIT, are unclean birds who befoul the most honest of business. Honest practitioners of private enterprise must be ready at all times TO POLICE THE SYSTEM of free private enterprise against those who would debauch it for their own private DISHONEST profit.

If, in a fair trial, it is found that the New York Coffee and Sugar Exchange thimblered the coffee market by collusion among traders, thus artificially raising the price of coffee to consumers and making possible DISHONEST profits on the part of coffee speculators—

Well, in that event, the New York Coffee and Sugar Exchange ought to be PUT OUT OF BUSINESS—just as we would put any other dishonest operator out of business.

Russians Leave Port Arthur

LONDON (AP) — Moscow Radio announced Monday night the withdrawal of Russian troops from Port Arthur, important naval base on the northeast coast of China.

The Soviet Union and Red China agreed on Sept. 16, 1932, to prolong Russia's lease on Port Arthur until the two countries signed a peace treaty with Japan. They agreed at the same time that Russia would turn over to China full administration of the Changchun railway in Manchuria by the end of that year.

Under Russia-Chinese agreements signed in Moscow Feb. 14, 1930, Russia had agreed to get out of Port Arthur and turn over the railway by the end of 1932.

Monday's broadcast said an agreement on this and other matters had been reached between the Soviet Union and Red China during the visit to Peking of a Russian delegation headed by Deputy Premier Nikita S. Khrushchev.

HEAVY RAINS FLOOD CHICAGO

Torrential Storm Disrupts Communications, Travel

Price Five Cents—16 Pages

KLAMATH FALLS, OREGON, MONDAY, OCTOBER 11, 1934

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No. 2533

37 Lost In Ship Disaster

Philippine Diplomat Talks In KF

By LYLE DOWNING
General Carlos P. Romulo said Saturday night that the United States might be able to avert a third world war by invoking the golden rule diplomacy initiated by President William McKinley in the Pacific.

The Philippine diplomat, who flew here directly from the United Nations Assembly in New York to address the Klamath Falls Knite and Fork Club, also said school teachers can be a greater war deterrent than the atom, hydrogen and the cobalt bombs.

"When I was a boy," General Romulo continued, "I was taught to hate Americans. My father fought you to the bitter end. My country fought you three years and lost 300,000 Filipinos."

"Then President McKinley extended the hand of friendship. He said the United States occupied the Philippines not as a conqueror but as a friend. Agreements were made and kept right down to that very day, July 4, 1946, when the republic was proclaimed."

U. S. TEACHERS
According to General Romulo, the groundwork for peaceful understanding between the Philippines and the United States was laid largely by 1000 school teachers who were sent to the islands in President McKinley's time.

"They went into the interior and lived with the people," he said. "They taught us to respect the United States, not to hate it."

"If the United States, the leader of the free world, would force other colonial nations in the Pacific to adopt the same policy this country maintained for so many years in its relations with my country, a third world war might be averted."

The United Nations delegate also issued a warning against further delays in winning over the remaining free nations in the Pacific. As he enumerated the various Asian nations which he said might stand up and be counted with the United States, he put a question mark after Japan.

JAPAN QUESTION
"We hear a lot about how Japan in seven years has been democratized," he said. "Let me ask you a question. If there had been a Japanese army of occupation in Oregon for the past seven years, do you believe you people now would be contentedly eating with chop sticks and bowing toward the West because you thought the emperor was there?"

General Romulo dwelt at some length on the backstage role of Soviet Russia in the Pacific.

"The Russians sometime ago claimed to have discovered electricity and originated baseball," he declared. "Recently, the Reds announced that Adam and Eve were Russians. I can almost believe that."

"Adam and Eve," he concluded, "had no roof over their head, they were led by a serpent and driven out of Paradise. And they only had one apple between them. That sounds like Russia to me."

General Romulo was introduced to the after-dinner audience of 400 in the Willard Hotel by Loren Palmerton, Dr. Marvin Nerse, president of the club, president. The program was arranged by Fred Southwell, secretary of the organization.

3 Wounded Over Weekend
By THE ASSOCIATED PRESS
Three were wounded in separate gun accidents while deer hunting in Oregon woods Sunday.

The three—Robert Henkel, 23, Portland; Paul Cop, 59, Banks; and Lloyd H. Edgerton, 40, Murphy—were hospitalized but were not in critical condition.

A rifle held by a companion accidentally discharged, wounding Henkel in the right hip and fracturing his pelvis. They had been hunting in the Tillamook Burn.

Cop was shot accidentally while hunting in the same area. He suffered wounds in the right lung and arm.

Edgerton was hurt while hunting near Grants Pass with Ted Garrison, 64. Sheriff's deputies said Garrison told them he mistook Edgerton for a deer. The bullet shattered Edgerton's wrist and entered his hip.

These were the first non-fatal shooting accidents reported this season. Two men were shot to death earlier and seven others died of natural causes while hunting.



THE FIRST NATIONAL BANK was host recently to students of general business classes of Klamath Union High School who spent several hours studying the fundamentals of banking. The groups were taken on a conducted tour. Robert Buelow is commercial teacher at KUHS. Here, front row (l to r) are Earl Howard, Betty Clifford, Oletta Carlisle and Mrs. Alta Mae Denton, bank employee.

Hurricane Warning Told

MIAMI, Fla. (AP) — Hurricane warnings were hoisted over Haiti and the Dominican Republic as far east as Ciudad Trujillo Monday as hurricane Hazel approached with 115-mile winds.

Storm warnings were raised over the eastern part of the Dominican Republic and the Mona Passage, the water gap between the Dominican Republic and Puerto Rico.

Besides the winds, Haiti was warned against torrential rains which posed a threat of floods, and abnormally high tides.

The massive hurricane was expected to buffet eastern Cuba with winds and rains but without the main force striking that island south of Florida.

W. L. Davis, storm forecaster in the Miami Weather Bureau, said it appeared from present indications that the center of the storm would move through the windward passage, the body of water between Haiti and Cuba, or over the western portion of Haiti.

From there it would pass into the southeastern Bahamas.

"After that we will just have to wait and see," said Davis. "There is a good possibility that the storm will go out to sea toward the northeast, but we can't be sure of it yet. It is moving too slowly and pressure patterns are changing."

He added that Florida was not threatened at present, but "we do not feel safe until these storms at least reach our latitude or further north."

The storm was in a position which the Weather Bureau termed "critical" for a wide area.

Drought Hits Range Feed

DENVER (AP) — A hot, dry September further reduced drought-depleted supplies of range and pasture feed in parts of the central and southern great plains, the Southwest and in Utah and Nevada, the U. S. Agriculture Department reported here Monday.

The department's Western livestock and range report said range feed conditions on Oct. 1 were the lowest since 1934, but only slightly worse than for the last two years.

The department reported livestock in good condition, except in the more severe drought areas.

Range feed was reported at 79 per cent, compared with a record low of 55 per cent in 1934, 71 per cent in 1931 and 73 per cent a year ago.

Range and pasture feed conditions were reported good in Montana, North and South Dakota, Nebraska, Oregon, Washington, Arizona and California, with fair to good range feed in Idaho.

RETURNS
LONDON (AP) — Britain's chief negotiator with Egyptian officials on the evacuation of the Suez Canal returned from Cairo Monday after a last minute hitch in completing the treaty.



MARY JOHNSON, candidate from Merrill, was chosen queen of the 18th annual Klamath Basin Potato Festival at the queen's ball held Saturday night at Merrill. She is the daughter of Mr. and Mrs. Irven Johnson. Competition was on the basis of ticket sales to the ball. She will be crowned Saturday night at the Merrill Community Hall.

Control Board Seeks Site For Reformatory

SALEM (AP) — The State Board of Control is almost ready to decide where to build the new state reformatory.

The board, at its meeting Monday, said it would receive Tuesday the Oregon State College analysis of soils on the proposed sites, which are located north of Salem.

After the board gets this report, it will decide which site it wants, and submit this to the State Emergency Board for final approval.

The new reformatory will cost \$1,250,000. The site probably will be between 300 and 400 acres in size.

The board also made its third and final payment to flax growers for the 1933 crop.

The total of the three payments amounts to \$69 a ton for No. 1 flax, \$48 for No. 2, and \$28 for No. 3.

Educators Hold Salem Meeting
SALEM (AP) — The Oregon Elementary Principals' Assn. opened its two-day meeting here Monday with 400 delegates attending.

William C. Jones, dean of administration at the University of Oregon, will speak at the Monday night banquet.

The delegates had a panel discussion on "Education's Role in Building Loyal Citizens."

Coon To Speak To KF Groups

Sam Coon, U. S. Republican Congressman from Oregon, here this week through Friday, October 13, to meet with constituents, has a split second schedule of coffee hour talks, luncheon meetings and evening sessions arranged for him.

Congressman and Mrs. Coon arrived last night and are registered at the Wiggins Hotel.

A number of social affairs have been arranged for Mrs. Coon during her visit to Klamath County.

Precinct coffee hours to be held Tuesday, to which all interested persons are invited are as follows:

8:45-10 a.m. precinct 16, home of Mrs. Tom Dunn, 2335 Elberlin Street with Mrs. Hiram Ferguson assisting; 10:10 to 10:25 a.m. precinct 18-19, home of Mrs. Loren Binney, 724 Mitchell with Mrs. Norman Wilson and Mrs. Clifford Kenyon assisting.

From 10:35 to 10:50, precinct 20, at the home of Mrs. Lloyd Ryser, 2224 Main Street with Mrs. James Barnes assisting; 11:00 a.m. to 11:15, precincts 27 and 28, at the home of Mrs. Harold Cloake, 1740 Crescent Street with Mrs. Robert Harvey and Mrs. Floyd Wynne as co-hostesses.

Afternoon meetings start at 1:30 to 1:45 p.m. in precinct 1 at the home of Mrs. Carroll Colvin, 346 Riverside; 1:55 to 2:10, precinct 2, Mrs. O. L. Stoner, 400 Conover Avenue; 2:20 to 2:35, precinct 3, Mrs. Harry Goeller, 31 Pine Street; 3 to 3:15 p.m. East Homedale, Mrs. James Hunter, 2851 Ward; 3:25 to 3:50, p.m. South Homedale, Mrs. William Wales Jr., 4512 Clinton; 4:10 to 4:30, South Enterprise, Mrs. Ted W. Butler, 4423 Arthur; 4:40, OTI, student Union Building.

The Congressman will speak at the C.I. Clubhouse, Port Klamath, at 8 o'clock Tuesday evening when state and local candidates for office will also be present.

Wednesday, October 13 he will

(Continued on Page Three)

Weather

FORECAST—Klamath Falls and vicinity: Partly cloudy, occasional light rain through Tuesday; low Monday night 38; high Tuesday 58.

High yesterday — 60
Low last night — 43
Precip. last 24 hours — 0
Since Oct. 1 — .04
Same period last year — .073
Normal for period — .24

SHOOTING HOURS

California	
OPEN	CLOSE
October 12	
5:44	5:31

Survivors Rescued By Navy Ships

NORFOLK, Va. (AP) — Eleven seamen survivors of the capsized freighter Mormackite, were safely in port today with harrowing tales of two days floating helplessly in stormy, shark-infested waters.

Lost in the disaster were 37 of their shipmates, including the captain, Patrick J. McMahon of Valley Stream, N. Y.

A Coast Guard board of inquiry sets out this morning to find a full explanation for the sinking last Thursday, apparently caused by shifting of the ship's iron ore cargo. The 6,000-ton vessel capsized so quickly there was no chance to send a distress message and crewmen were unable to get lifeboats into the water. The ship carried no life rafts.

The Mormackite sank under the brutal pounding of wind-whipped Atlantic seas 150 miles east-southeast of Cape Henry.

The 11 survivors were brought to Norfolk yesterday by three Navy destroyer escorts. With them came the bodies of 12 who died. The remaining 25 bodies were not found and presumably went down with the ship or disappeared more terrifyingly among the sharks that survivors reported seeing by the hundreds.

Some of the sharks were "12, 14 and 16 feet long," reported Padilio del Valle of New York City. One of three who clung atop a makeshift raft, Del Valle said rescue came just in time to keep his group from taking their own lives.

After his arrival in port yesterday, he told newsmen:

"On the last day we started to think how we could take our lives away the easiest. When you're drinking salt water and taking it into your lungs, it is terrible. Yesterday (Saturday) morning the three of us decided to do it. Then we saw a Navy carrier and then there were planes. Another hour and we would have been dead."

Physicians at the U. S. Public Health Service hospital here said none of the 11 survivors was in serious condition.

The Coast Guard called off the search for other survivors yesterday.

Blast Sinks Norwegian Ship

LISBON, Portugal (AP) — Nine American passengers—eight of them women—and 39 crewmen were safe in Lisbon Monday after an explosion and fire sank the Norwegian freighter Emma Bakke off the northwest African coast.

Two Norwegian crewmen were killed and three injured in the engine room explosion which sent flames roaring through the 35-year-old, 4,721-ton vessel Saturday as she neared the end of a New York-to-Casablanca voyage.

The survivors took to lifeboats and were picked up 90 minutes later by the Argentine liner Corrientes. By that time the Emma Bakke was ablaze from stem to stern.

(Continued on Page Three)

Tanker Hits Floating Mine

ROTTERDAM, Netherlands (AP) — The 3,000-ton Norwegian tanker Polga radioed she struck a floating mine in the North Sea Monday and burst into flames.

Dirkzwagera Shipping Agency, which monitored the radio report, said one man was missing.

Twenty-seven other crew members had been taken off by rescue ships but some later returned to the tanker to fight the flames.

The tanks aboard the Polga out of Bergen, are listed as blast-proof, but the crew took no chances, abandoning ship with the engines still running at half speed, the radio reports said.

Later, the captain, the first officer, the first engineer and a picked crew of men went back aboard the Polga to take control after the danger of further explosions apparently had passed.

The first blast was mistaken for a petroleum tank explosion. It wasn't until later that a gaping hole was found in the tanker's port side where she had run into a mine, the Dirkzwagera reports said.

CHICAGO (AP) — Widespread flooding in the wake of a record six-inch rain number Chicago Monday with a partial paralysis which disrupted routine for hundreds of thousands, and halted the city's vital commerce and industry.

No one knew for certain the dollar loss to business as water from the choked Chicago River spilled into basements and sub-basements, stopped rail traffic at Union Station, cut power output, and threw scores of thousands out of work.

Thousands of householders in the city's south and west sections, and in suburbs, were marooned as lakes were spawned throughout neighborhoods.

City transport was badly crippled by flooded underpasses which necessitated detouring of bus and auto traffic. Outside the city, highways were cut by flood waters.

The 33-hour rain which began Saturday evening had pelted the city with 6.2 inches of rain early Monday morning when it stopped. Unofficial measurements in some localities indicated as much as 10 inches of fall.

Surprisingly, only one death occurred which appeared to have resulted from the flooding. Patrick McNichols, 51, was found lying in three feet of water in his flooded basement apartment, apparently the victim of a heart seizure.

The bulk of the damage resulted from the over-brimming of the Chicago River in the area just west of the Loop business district. There, water spilled into the basements and sub-basements of the Union Station, inundating tracks and bringing operations of four railroads to a halt.

Water also halted operations at the Dearborn Station.

The flood poured into the sub-basements and basement of the Chicago Daily News Building, soaking stored newspaper and machinery, and into the works of two large Commonwealth Edison power generating stations, cutting the city's electrical output by one quarter.

The utility immediately announced it was forced to cut industrial power service to large manufacturers to prevent a disastrous overload. The shutdown of industry operations in scores of plants in turn caused layoffs of thousands of workers.

When the havoc of the river overflow became apparent, the gates of the lock at Lake Michigan were opened to relieve the situation. The river level was two feet above that of the lake.

Nebraska Man To Show Stock

NORTH PLATTE, Neb. (AP) — Orvil Kuhlmann, North Platte, who makes a habit of winning Hereford shows, will take the best of his herd to Portland this week for the Pacific International Livestock Exposition.

Kuhlmann's Co-Pilot, winner at the State Fair and again at a Valentine, Neb., Hereford show last week, won the grand championship of the second annual Grasslands Livestock Show here Sunday.

Kuhlmann's bulls also won the reserve championship, along with the divisions for 3-year-old bulls, summer yearlings, bulls over 2-year old, short yearlings and spring yearlings.

Keeping the North Platte entries from making a clean sweep were bulls owned by the George Cummings and Sons Ranch, Ashcroft, Colo., first for calves under six months, and the Purman Hereford Ranch, Marsland, Neb., first in junior yearlings.

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and the turgid flood waters were permitted to flow into the lake for five hours.

Meanwhile, the outflow was stepped up at the sanitary district locks 35 miles southwest of the city at Lockport. But despite the surge which raised the Illinois River stage by 10 feet at Peoria, small streams which normally flow into the waterway north of Lockport backed up.

The skies over the Chicago area remained murky Monday, but there was no additional rain, and gradual improvement in the situation was apparent.

Gov. William G. Stratton ordered heads of the Illinois National Guard, state police and state highway system to survey the flood situation for possible emergency action.

The Coast Guard, Red Cross, police and city street employees worked around the clock to alleviate the flood situation.

Many streams in the northern part of the state were nearing flood stage.

OFFICIAL MEASUREMENT
The rains pelted the Chicago land area for nearly 30 straight hours, starting about 3 p.m. Saturday and ending around 10 p.m. yesterday. The official rainfall measured more than 6 inches. The 5.37 inches in 24 hours was the heaviest of a 24-hour period in Chicago since 1888. Yesterday's weather was fairly mild, with temperatures in the 60s.

Partly cloudy, with a chance of a few showers, was today's forecast.

Communities in northern Indiana—in the Hammond-Gary area—were hit hard by the storm. The Hammond area was declared in a state of emergency by Mayor Vernon Anderson. Several towns in northern Illinois, where the Illinois River was reported near flood stage, reported rainfalls of from 4 to 6 inches.

Hundreds of persons were evacuated from their homes in southwestern suburban areas as well as in the Hammond area, which is about 20 miles southeast of Chicago.

LAKES OVERFLOW
The Little Calumet and Wolf Lake overflowed in the northern Indiana region. In the Hammond area, all residents of Munster—some 5,000—were alerted to move. Highland, Whiting, Robertsdale and South Gary also were battling floodwaters.

The Chicago River rose five feet last night before engineers reversed the flow. The overflow poured into the Union Station basement; the basements of the Daily News building, the main post office sub-basement and basements of other structures along the south branch of the river.

But the locks at the mouth of the river were opened to save other nearby buildings from the cascading waters. A gigantic swell of water roared out into Lake Michigan as the river temporarily returned to the original direction of its flow before it was reversed by canals to the Illinois waterway.

The flood danger to the edges of the downtown district eased and in five hours the locks were closed and the river was back to near normal.

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TRAFFIC HALTED
But all train service at Union Station was halted. The four major railroads using the station, Pennsylvania, Gulf, Mobile & Ohio, Burlington, and Milwaukee, made up their trains in outlying stations. Passengers on incoming trains were discharged at the outlying stations.

The Daily News was unable to print its afternoon newspapers in its own plant today because of flood damage to paper stock and machinery. Today's editions were to be printed in the plant of the Chicago Tribune, a morning newspaper, with engravings work to be done in the plant of the Chicago American, an afternoon paper. Damage to the paper stock and machinery was estimated at \$250,000.



GETTING SET for the day's work at Parker Pontiac Company this morning were Ray Ward, 1869 LeRoy, office manager and Brooks Warner, 1905 Elna, service manager.