**THE KLAMATH NEWS**

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## The Weakness In Our Economic Structure

AS the long drama of the Morgan investigation continues in that sweltering committee room at Washington, the ordinary American begins to get a clear picture of a state of affairs which he had frequently surmised but at which he had never before got a really good look.

The financial world is a place of mystery and wonder to most of us. We have known that it was a place where vast sums of money could be made—and lost, as well—and we had a dim feeling that what went on there was ultimately of great importance even to non-investors; but the most of us never got more than a confused and hazy idea of how it all was done.

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Now our eyes are being opened.

Security issues that go to insiders at bargain rates before they find their way into the open market; wealthy men who have found a fool-proof way of defeating the income tax by year-end sales of stock: the formation of holding companies with the public's money, devised so that clever manipulators can hold the strings to far-flung industrial combines; interlocking series of loans so complex that even the man who negotiated them cannot remember how it was done without looking at his private records—all of these things brought into the open by Ferdinand Pecora's questioning provide us with an invaluable object-lesson in the way our country gets run.

Now the general run of these operations were not wrong legally; most of them, in fact, gauged by current standards, were not even wrong morally. We had devised the kind of economic and social set-up which made it necessary for the financing of big affairs to be conducted in that way. To get indignant at the individuals directly concerned is to miss the point entirely.

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For the real point of it all, of course, is that it was our whole basic system that was at fault. This has been said before, to be sure; but it cannot be said too often. America being what it was, and our standards being what they were, it was simply inevitable that a tangled web of this kind be built up over our heads.

What we face now is the job of introducing restrictions, and modifying our own viewpoints, so that the important task of financing our industries can be carried on with the public interest the main consideration.

### Recovery On the Way

A BUSINESS man who wondered just how much real substance there was behind the current rise in industrial stock prices set out recently on a tour of inspection among various factories. He found a number of big middle western plants working at or near capacity for the first time in several years; and at last he encountered a steel plant working three eight-hour shifts.

"I asked what they were making," he says, "and found out they were making barbed wire—making all of it they could. The farmers are beginning to buy it, in quantity, for the first time in many months. For a long time they have been letting their fences go unrepaired. Now they are coming into the market again—and the barbed wire business is good."

This little anecdote seems to reflect a general situation which offers one of the most encouraging developments of the year.

### Puzzling Those Russians

THAT cablegram sent to Jimmy Mattern in Russia by friends in his home town of San Angelo, Tex., seems to have caused Soviet officials at Moscow a good deal of perfectly natural bewilderment.

In itself, the message was simple enough. It said, "Attaboy, Jimmy," and it was signed, "San Angelo." But it puzzled the serious commissars.

"Attaboy"—in what Russian-English dictionary will you find a definition of that cryptic word? And the signature, "San Angelo"; what could that mean, and why? Obviously, the whole thing might be a code message involving a deeply-hidden plot. "Attaboy Jimmy—San Angelo": international secrets have been given away in words less mysterious than those.

Soviet Russia's introduction to American slang is probably a thing that the Moscow officials will shake their heads over for a long time.

## Telling the Editor

SPRAGUE RIVER, Ore.—(To The Editor)—The poundmaster came to my home in my absence and took away a valuable malamute dog, telling my daughter, who was the only one at home, I had given him permission to take the dog. I did not have a license but would have gotten one as it was a valuable dog to me. The dog was not killing sheep nor was it doing harm in any other way, staying quietly at home most of the time. I went to the pound in Klamath Falls but couldn't find out anything about the dog, whether it had been killed or not. I think the officers would spend their time better looking after the people on the reservation instead of taking dogs, and the officers certainly should have given me a chance to take care of the matter or at least given me a reason for taking the dog.
MRS. ELLEN HECOCTA.

To prevent needles and pins from rusting, stick them into a piece of flannel which has been saturated with machine oil.

## SIDE GLANCES— *by George Clark*

"She wants you to change this salmon salad into a chicken sandwich."

## *Modoc Forest Area Closed To Smoking*

ALTURAS, Cal.—With the exception of some lightly wooded areas in the Doublehead and Devil's Garden districts and the Warner mountain range above the timber line, the entire Modoc national forest has been closed to smoking except at camps and places of human habitation effective June 15.

By orders of the regional forester of the U. S. forest service at San Francisco the same areas have been closed to the discharge of fireworks. The order, which will be effective till fall rains come, also requires all campers to have a fire permit and to carry a shovel and axe in their cars. Some of the most disastrous fires on the Modoc national forest in recent years have been caused by careless smokers.

## Earlier Days

**From Files of The Klamath Republican, June, 1909**

Nature in all its beauty, clothed in glorious sunshine and kissed by the gentle breezes from off the snowcapped peaks and shimmering lakes, gave cordial welcome to Klamath's greatest day (Railroad Day) and by its gentle touch gave stimulus to the enthusiasm that has been held in bay for this occasion.

A few people may have remained at home, but it did not seem possible, for virtually all of Klamath and Lake counties were assembled upon the streets. San Francisco and Sacramento were also represented, and the only link in the chain that was missing was poor old Portland.

Only two accidents occurred to mar the pleasures of the day's celebration. The first was during the parade when an ill-advised race by some of the horseback riders occurred on Main street.

The second accident occurred in the evening when the carriages were returning from the 5:30 train. The Livermore Hotel bus was upset in the east end of town and a number of passengers injured although none seriously.

Many people were a long time realizing that what happened last fall was not an election but a revolution, a revolution accomplished in a particularly American way.—Prof. Rexford G. Tugwell, member of President Roosevelt's "brain trust."

## Editorials on News

(Continued from Page One)

last about four months ago, and at that time things looked anything but good. To be perfectly frank about it, I didn't know then whether you'd ever pull out or not.

"I never saw a bigger change than has come about in these four months. People are feeling better, and business is actually better. The future four months ago looked pretty dark, but now it looks bright.

"I no longer have any doubt at all about the future of the Klamath country. You're going to come out all right, and I think your recovery will be even more rapid than you expect."

It sounds pretty good to hear people talking that way again, doesn't it?

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HERE is something that may interest you:

Three carloads of STRAW are being loaded out of the Klamath country for Eugene. Straw, mind you—a product that for several years hasn't been worth shipping any distance at all, because the freight cost would have been far too high.

This straw, which was baled, brought $8.00 a ton, f. o. b. cars.

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UP IN the Willamette valley, incidentally, they burn their straw to get rid of it. If some of the farmers up that way had saved their straw last fall instead of burning it, they would be better off now.

They would be better off ALWAYS if they saved their straw, instead of burning it, and put it back on the land, for the sour, wet soil of the Willamette valley particularly needs more humus.

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THE Willamette valley, in the earlier days, was an astonishingly rich agricultural district—producing, it is said, as much as 50, or even 60 bushels of wheat per acre. The average yield now is below 10 bushels. This drop in production is due to soil robbing—failing to put back into the soil the fertility that is taken out by cropping.

Let us hope that down here in Southern Oregon we are not guilty of this crime of soil robbing that has so reduced the productiveness of the Willamette valley.

"Midget Sits on J. P. Morgan's Lap"—Headline. Nothing unusual; numerous politicians have been sitting on Mr. Morgan's lap for a long time, and doubtless they now feel just about as small as the midget.

## *The National Whirligig*

### Inside Story of Washington

### The News Behind the News

By PAUL MALLON

**Rails**

Few people can out-talk Mr. Roosevelt. He is at his best when he meets his opponents face to face.

The way he put over the labor amendments in the railroad bill without saying a public word about them is a good illustration of how he works.

There was strong opposition to those amendments. The railroads were fighting mad. More important were the objections lodged by Chairman Sam Rayburn of the house committee and Joseph Eastman who is to administer the law. Rayburn could have killed the bill. He instigated a private meeting with the president. Eastman was present. They were to persuade Mr. Roosevelt that the labor amendments were unfeasible.

Fifteen minutes later they came out of the conference pledged to the Roosevelt plan.

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Little birds who sat in the window during those meetings say Mr. Roosevelt let Rayburn talk. He was pleasant and did not argue.

When Rayburn had concluded the president threw up his hands saying in effect: "You fellows better get together behind those amendments." Rayburn was required to champion the amendments on the floor of the house. He is a very capable man and did his job thoroughly, if somewhat reluctantly.

Eastman was not as strongly opposed to the amendments as Rayburn. It was easier for him to swallow the pill.

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The railroads did not feel any better about it when they lost their fight against the bill. They may cooperate with the administration and then again they may not. Their spokesmen whisper they will probably go along with Eastman only when it is to their advantage to do so.

Increased traffic is already encouraging them to cease mourning about the legislation. Loadings last week were 541,000 cars. That is astounding. Usually business drops off the last week in May on a summer decline. This time it increased. Movement of grain, lumber and manufactured products is largely responsible. People are buying out of season now because they fear prices will be higher later on.

But no matter how happy the railroads get you may be sure they will not bend any ties to help the program along.

The prospects now point to some measure of success for the program, but not very much. Economies will be wrought but nothing like the economies Mr. Roosevelt had in mind six weeks back.

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**Party**

The Roosevelts have won the Washington press corps.

The final touch was a private party for 400 newsmen and their wives at the White House. It was the first time a press party had been held by a president. The boys wondered what to wear. Some said tailcoats. That is the usual garb for presidential parties. Finally they decided that inasmuch as this is a democratic administration black ties would be in order.

The 400 guests found Mr. Roosevelt lounging in a corner of the east room. He wore a linen suit full of wrinkles.

When someone asked him about it he replied: "This is my tennis suit."

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The smooth informality of the party was unmatched in these surroundings since the Andrew Jackson period. There was no receiving line. People strolled around. When Mrs. Roosevelt saw someone standing alone in a corner, she singled him out for conversation.

Mr. Roosevelt's own quartet sang some songs. It is composed of three newspapermen and one of the secretaries. The tenor was the worst, but Mr. Roosevelt thought it sounded sweet after recent noises he has heard from congress.

Mr. Coolidge served ice water at receptions. The Hoovers served ice cream. The Roosevelts had sandwiches also.

This may sound like a social note to you, but it is not. Such things build the background for the picture of this administration.

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**White**

They had a reason for sending Francis White to Czecho-Slovakia. Hiram Johnson insisted he be sent somewhere where he could not telephone the National City Bank.

Johnson's sentiments date back to the foreign bond investigation. That inquiry disclosed White had some telephonic communications with those who were floating foreign bonds.

As a career diplomat White rated a good post. He would have received a better one had it not been for the warnings Johnson passed around inside.

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**Veterans**

The inside on the veterans' mistakes is not hard to understand. They tried to do 6 month's work in 30 days. They worked through 54 regional offices. Officials believe there were only about 3,400 mistakes. The private mail of senators indicated more than that.

Those who drew the regulations are Veterans Administrator Hines, Assistant Treasury Secretary Douglas and J. O'Connor Roberts, general counsel of the Veterans Administration.

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**Taxes**

The treasury had nothing to do with instituting the Harrison tax plan. It was admittedly better than any the treasury had suggested.

It was worked out for Senator Harrison by Mr. Parker of the joint congressional committee on taxation. The original idea is supposed to have come from Barney Baruch.

It was foolishly called a capital stock tax. It really is a net worth tax. That means you only pay on the existing value of the stock, not its issuing price. That will make a lot of difference these days.

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**Notes**

Treasury Secretary Woodin appears to be preparing for a long stay . . . He has recently been dealing with a Washington newspaperman he wants as an executive assistant . . . The navy investigation probably will start a new ballyhoo for building dirigibles . . . Navy men generally hate to abandon any branch of the service even if it is impractical . . . The truth is that most navy men will privately agree two good airplane carriers are better scouting agencies at sea than a dozen dirigibles . . . The planes can cover ten times as much territory and are not much of a target for anti-aircraft guns . . . During the absence of State Secretary Hull the department is being run, theoretically at least, by Under Secretary Phillips . . . He is a typical career diplomat, very cautious about telling anything.

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NEW YORK
By James McMullin

**Revolt**

The congressional revolt against President Roosevelt has pepped up his conservative New York opponents no end. Even though the revolt is chiefly on the radical side they see an opportunity to drive a wedge into his party support which will split conservatives away from him.

Their tactics—pursued very sub rosa—involve the charge that he has encouraged radicalism by fostering left wing legislation—even though it has not been translated into action. They spread the word privately that he will not be able to withstand radical pressure and will get us involved in ruinous inflation.

This element hasn't made many converts yet but they are spurring their undercover efforts now. They are in constant touch with friends in Washington—in congress and out—who can be counted on to fan the flames. They know enough to keep mum so far as the public is concerned but are "boring from within" in quarters where they think it will do the most good.

There is no question of a standard-bearer yet. The immediate objective is simply to spread the idea that Mr. Roosevelt is getting us tangled up in a maze of impractical policies.

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**Gold**

The first step to be taken against the gold hoarders will be equivalent to a slap on the wrist. The hoarding brethren will be asked whether they still have the gold and won't they please give it back. If the government hopes to avoid a showdown by this system it is in for a disappointment.

The fact is that several large hoarders actually believe they have the government on the run. They claim they will battle any legal action right up to the supreme court on constitutional grounds. They may change their minds if the public reaction to the publication of their names—which is probable within a month—is sufficiently sharp.

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Europe would certainly be delighted to have us go back to the gold standard. There has been more subtle propaganda from European sources let loose to this end in the financial district than you could shake a stick at. The propaganda includes threats of repudiation of private debts in some cases unless something is done. But it all goes to waste, because Wall Street knows perfectly well that there is nothing it can do about it.

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**Britain**

New York hears that British political circles are wondering whether Prime Minister MacDonald will be eased out by way of a "promotion" to the House of Lords. It is freely predicted that there will be some reconstruction of the government before the end of the year.

Reports have been received here that Britain's seasonal trade improvement is three times normal. The number of ships passing through the port of London is said to be higher than it has been for years. The net tonnage of vessels leaving British ports for abroad in March showed a gain over the corresponding month a year earlier for the first time in three years.

The inside reason for England's determination not to stabilize the pound is her fear of a wholesale withdrawal of the gold which American, French and other hoarders have stored away in her vaults. Administration circles here have been privately told that British reluctance to stabilize cannot be overcome without assurance that the pound will not be left at the mercy of such withdrawals.

Unfair competition in credits is just as vicious as unfair competition in trade. Industries should not sell terms, but merchandise.—Henry H. Heimann, executive manager of National Association of Credit Men.

The nationality of the man my daughter marries is immaterial, provided he is a good husband and makes her happy.—Franklin L. Hutton, millionaire father of Barbara Hutton, bride of Prince Alexis Mdivani.

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