

Washington Digest

National Topics Interpreted
by William Bruckart
National Press Building Washington, D. C.

Washington.—It may be, as I have frequently been told, that the average person—Mr. John Q. Public—has very little interest in the doings of the federal reserve system. It may be true that the average citizen accepts the federal reserve banks as a thing apart and of little or no concern to him because they are so far removed and, further, because they indulge in what the demagogues used to call "high finance."

Whether my information is correct and regardless of the public concept of the federal reserve system, I am devoting some space this week to a discussion of certain developments in the federal reserve banking structure in an attempt to show the trend of money conditions in this country at the moment.

Lately, the federal reserve board of governors announced a revision of its regulations governing discounts and advances by federal reserve banks. Now, it may be said that these regulations affect only the banks that are members of the reserve system. That is true but it is not the whole truth because everything that the federal reserve board of governors and the federal reserve banks do affects you and me and everyone else whether we are little fellows and, therefore, unimportant individually, or whether we are trustees of great sums of money such as is the case with corporation presidents.

The board of governors, in the revision of its regulations, has made it possible—if not obligatory—for the reserve banks to take almost any kind of paper that is an evidence of debt. That is, the reserve banks are now empowered to receive from the member banks that paper upon which you and I borrow, any paper that shows that a citizen owes the bank money, and to give that bank money in exchange for the evidence of that debt.

Everyone, of course, is familiar with a note or a mortgage on a piece of real estate. Most people understand about installment paper which is simply a note providing for payment of the amount due over a period of months. But there are many other kinds of evidence of debt that is in frequent use among business men from the smallest storekeeper in a rural village to the greatest banker in the world. Under the regulations now operative in the federal reserve system there seems to be almost no paper which the local banker cannot send to the federal reserve bank and receive cash in exchange. Of course, that obligation must be paid off some time and the arrangement simply permits the federal reserve banks to carry the debt until its maturity.

All of this obviously sounds as though the federal reserve system is at last to be helpful to us little fellows. That is true. It is going to be helpful in increasing the number of us little fellows who get ourselves in debt. It is going to do that because it makes getting into debt easier.

I think no one should object to the reserve board regulations in all details. There must be credit given where credit is needed; that is to say when you prohibit borrowing money you choke off eighty-five per cent of all of the business done in the United States. Yet, credit is dangerous, a double-edged sword and must be handled with extreme caution by the borrowers as well as by the lenders. As we have seen from the inglorious debacle of 1929, there can be too much credit extended, and when I say that, I refer not only to loans by banks but the sale of goods, wares and merchandise that enter into everyday life. And, going a bit further on that line, there can be too much credit extended by the manufacturer and jobber to retail merchandising establishments just as easily as there can be too much credit extended by the retail merchants to you or to me. One can get into debt over his head just as easily by purchasing at retail or wholesale as by buying more land than we can afford to own or a home larger than we need.

So, a discussion of what the board of governors of the federal reserve system has done can lead in this instance only to a conclusion that danger flags are waving.

I do not want to exaggerate present conditions or signs as I see them. This is no time to become excited. There are, however, botanaries beyond which we cannot go in the matter of credit without facing another tailspin of the type of 1929. That is the thing I fear may result from an accumulation of federal policies of which the late action by the federal reserve board is only one.

It is perfectly human and natural for each one of us to aspire to better things, to have more of this world's goods for our enjoyment and to equip ourselves by way of greater resources for the future. We will do

those things sometimes when we ought not to do them simply because the instruments are available and we do not stop to count the ultimate cost. To the extent, then, that the federal reserve board probably has made borrowing easier it has tempted a certain percentage of citizens, or will tempt them in the future.

The condition of easier debt that is now presented is, as I have said, only one of many temptations and inducements for getting into debt that has been offered by the Roosevelt policies. It is unnecessary to recount here how many pieces of legislation, how many executive and administrative rules have been made to permit citizens to use money that is not their own. They are almost numberless. The result has been, is, and will continue to be the creation of a lot of debt that will hang over us all for years to come.

The federal government itself has taken the lead in getting into debt. The latest Treasury statement shows that the United States government owes more than thirty-seven billion dollars. That amounts to \$281.63 for every man, woman and child in the United States. Compare that with the national debt as of 1932 when it stood at \$19,500,000,000 or a debt of \$155.93 for every living person in the United States.

I do not know when, if ever, this gigantic national debt will be paid off. I think probably the American people with traditional tenacity will stick by the job and get it done some time, but I must refer to the job as a very slow process. It required twelve years after the World War debt reached its peak of twenty-six billion to reduce it by ten millions. That reduction was more rapid than had ever been known before in any nation and it was made possible because of the prosperity which we enjoyed during those twelve years.

It would seem, therefore, that we must consider not only a slowing down of individual debt making, but a sharp curtailment of national debt making as well. If we do not, a yawning cavern of unsounded depths awaits us.

Some weeks ago Mr. Roosevelt sent instructions to the various agencies of the government to save ten per cent out of the operations for the current fiscal year to help in balancing the budget. There were no ifs, nor ands, nor buts about President Roosevelt's instructions. The spending agencies were told simply to lay aside that ten per cent which, in the aggregate, would amount to around four hundred million dollars. The President said during a speech at the great Columbia river dam the other day that he hoped to balance the budget in the next fiscal year. Most other people hope that the President's hope is realized because Mr. Roosevelt has stated several times that the budget will be balanced "next year" and some of us are beginning to wonder whether his budget balancing statements are not like the statements which President Hoover made at the beginning of the depression. He said, you will remember, a number of times that "prosperity is just around the corner," a corner that still seems to be next year.

But Mr. Roosevelt must be commended and criticized at the same time for his budget-balancing ideas. Mind you, no criticism can possibly be attached to the objective—a balanced budget. But commendation must give way to criticism on some of the things that are happening under the flat order for a reduction in spending.

Take this case for example: The National Park service, like other agencies, laid away ten per cent of its operations. This impounding of money happened to coincide with the greatest flock of visitors ever to enter the gates of the country's national playgrounds. It costs money to police and protect the parks; it requires funds to provide for the comfort of the throngs of visitors to national parks. The result, in the case of several parks, was that they were forced to close their gates to visitors from a week to a month earlier than they usually do in the fall. Their money had run out.

Well, say you, what harm does that do? Simply this: Visitors to national parks, such as Yellowstone, for example, pay much more for entrance fees and the things they must buy while in the parks than it costs the government to maintain the parks.

But that is the crux in this situation. The National Park service does not keep the money that is paid in by park visitors. Those funds are turned directly into the treasury as general revenue. The books of the National Park service, therefore, show only outgo.

The condition is one, therefore, it seems to me, that almost warrants a statement that the policy is "penny wise and pound foolish."

Western Newspaper Union.

Indian Pilgrims Hail Juggernaut Festival



View of the scene in Puri, India, as the car of the Jugganath (Juggernaut) was hauled by thousands of pilgrims in the recent festival of "The Lord of the World." In olden days, these huge vehicles in which devout Hindus take their gods for a ride once a year often became uncontrollable and pilgrims were crushed beneath the wheels. In recent years police regulations have been so stringent that accidents rarely happen.

Buena Vista News

Jack Brodie is picking apples at Payette.

James Stephen and Alva Goodell are threshing clover seed for Mr. Strickland.

Mrs. C. C. Wyckoff's father and sister and neice from Kansas visited here last week.

Leland Hoffman and James Chard called at the Cannon home Sunday evening.

Mr. and Mrs. Alva Goodell spent the week end at Meridian.

Silas Hoffman finished haying Saturday.

E. L. Jamison has finished his cistern and is filling it.

C. C. Wyckoff has completed his garage.

Mr. Mrs. E. L. Jamison called at the Silas Hoffman home Sunday evening.

The Chatter Box club met at an all day meeting at the home of Mrs. C. H. Bennett October 6 with a covered dish luncheon at noon.

The day was spent in quilting with Mrs. A. A. Jamieson giving an interesting guessing game with Mrs. E. L. Jamieson winning first prize and Mrs. J. Boekosky winning the consolation.

New members were Mrs. J. Redd and Mrs. E. Redd.

The hostess served dainty refreshments to the following guests: Messdames L. Adams, J. Bartholoma, J. Biokolsky, O. Choat, H. Day, C. Gardner, A. A. Jamieson, E. L. Jamieson, V. McGee, H. Maw, E. Neilson, J. Stephens, Turhume, J. Redd, E. Henderson, E. Redd, Strum and A. P. Goodell.

The next meeting of the club will be held at the Harland Maw home October 20 with A. P. Goodell program leader.

IRONSIDE NEWS

By MRS. E. J. BEAM

Mrs. Floyd White and her daughter Mrs. Kenneth Grabner motored to Boise on Monday to see Mrs. W. J. Hinton, who is recovering from a recent operation.

James Lawrence was a business visitor here last week from Baker.

Mr. and Mrs. Fred Lawrence drove Mrs. Esther Perken to her home in Prairie City on Monday and visited with other relatives there until Tuesday. Mrs. Perkins has been visiting her daughters family here for the past month.

Ina Rose, Everett Lawrence and the Powell girls were home from Vale over the week end.

Mr. and Mrs. E. J. Beam and Roy Wise were business visitors in Ontario and Nyssa on Monday.

The Home Economics club held a special meeting at the school house

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Nyssa Heights

MRS. DAN CORBETT

Our little community is as busy as a hive of bees. Four hullers are at work and have been for some time hulling clover seed with another expected to go to work; the Ellicott machine for Harry Denny, Gheen, Schimer, Kurtz and Timmerman each have around one hundred acres in all, some more, some less. The two former men will finish their crop this week. M. L. Judd and the Zabsonetta Brothers are about ready for a machine. Leslie Young has his clover threshed but hopes to have a crop of alsac. T. F. Rodger is getting his ladine clover ready for a machine. Young Stam and Leach are haying. Kurtz has his in the shock. Denny and Corn are cutting beans when the dew is on. Hired help has been more plentiful than it was expected although some men drive from Nyssa.

The Tom Godwin family returned home Friday having attended the Portland Live Stock Show. Miss Martha and Morris showed their three baby beef calves.

H. E. McLaughlin spent the week end in Caldwell with his family who are visiting at the parental Henry Jones home.

Mr. and Mrs. Perry and Mr. and Mrs. M. L. Kurtz of Newell Heights and Mr. and Mrs. Dutton of the Colony attended the V.F.W.'s venison feed and regular meeting Friday night.

Mr. and Mrs. Lloyd Adams and Mrs. James Pierce were Ontario visitors Monday.

Floyd Campbell bought two Jersey cows last week.

The Chatter Box club met at the home of Mrs. C. H. Bennett last Wednesday with twenty answering to roll call. Each lady brought a covered dish and all enjoyed a delicious luncheon.

Mr. and Mrs. Lloyd Adams were guests at the John and Robert Adams home Tuesday.

Mr. and Mrs. D. H. Curran left Thursday for Illinois where her mother is ill. They expect to be gone three weeks.

The lumber has been delivered for the house on O. B. Andersons place which Russell Cornell has leased.

Mr. and Mrs. Russell Cornell had the misfortune of having their tent house, in which they were living, destroyed by fire last Tuesday night.

RICHLAND

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day night in Nyssa.

The monthly meeting of the local W.C.T.U. was held with Mrs. Pinkston Thursday afternoon with one visitor, Mrs. D. L. Anderson, present. After the business meeting a study hour was enjoyed with Mrs. Walsh as leader.

Mr. and Mrs. D. L. Anderson were hosts to a chicken supper Friday evening. Guests included Mr. and Mrs. Crawford, Mr. and Mrs. Hendrix and Mr. and Mrs. Fife of Nyssa.

Mr. and Mrs. Jesse Sugg were Vale business visitors on Monday morning.

Mrs. Carrie McLoughline spent from Thursday until Sunday evening

ing at the M. L. Kurtz home.

Messrs. Leslie Young, Lester and Stanley Goulet accompanied Sid Flanagan on a deer hunt Sunday above Unity. Mr. Young went on business. He planned to visit the lumber camp there with the idea of ordering rough lumber for a barn and granary.

Mr. R. Overstreet, Sr., and hired man are building a netting fence on his forty acre farm.

Alligator Lays Many Eggs
The alligator lays from 30 to 40 hard white eggs about the size of those of a goose.

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