MORNING-EVENING-SUNDAY

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#### "DEFLATION" IN 1920.

No clearer evidence of insincerity and no more flagrant example of "buck passing" could be afforded than the democratic state platform plank on "deflation," and Hitchcock's comment last Saturday on the subject in which he says;

"The republican party, through its platform and Its candidate, in 1929 attacked the democratic administration for inflation, and demanded and promised a deflation policy if intrusted with

"Immediately after this was made the republican position the defiation policy was begun by the federal reserve board.

According to the economic plan by which the Federal Reserve bank functions, "deflation" can be controlled by this bank in two ways. One is by increase of interest intes charged by the Federal Reserve bank to the banks with which it deals over the country. The other is by a forcible retrenchment of credit extended by the Federal Reserve bank to connecting banks in this country. In common parlance this latter situally means the calling of loans by the Federal Reserve bank, thereby forcing the calling or retrenchment of loans on the part of connecting banks.

Wilcon and the democratic administration were in full control of the Federal Reserve system until March 4, 1921, the date that President Harding took cifice. The republican national platform was adopted on the evening of June 10, 1920, and that is the date prosperity of the people of Nebraska and the nation. democratic leaders assign as the beginning of deflation. Here are the real facts:

In December, 1919, the Federal Reserve bank announced that it would increase interest rates, and did so. The rate at the time this announcement was made was 4 1-2 per cent, and there followed in rapid succession a series of increases in the federal discount rate until it reached 71-2 per cent. This sinister and unwarranted increase in rates-marked the beginning of "deflation," which was to bring inevitable business depression and ruin to hundreds of thousands of farmers and citizens. That was December, 1919, a year and a half before the end of the Wilson administration.

"On January 16, 1920, member banks of the Federal Reserve system were notified the loans from central institutions must be radically reduced. This was the second step of "deflation," resulting immediately in the further curtailment of agricultural and other its own in this once familiar sport. credits. Indeed, the result of this order was immediate and sinister. On February 13, 1920, less than 30 days following the issuance of this order by the Federal Reserve board, announcement was made that during the four weeks just ended the Federal Reserve bank had reduced its loans in the aggregate of \$111,-000,000. This statement was based on reports from 804 hanks in the Federal Reserve system. This reduction of \$111,000,000 was made more than a year prior to the end of the Wilson administration.

Nor were the misgivings in connection with the Wilsonian policy confined to republican leaders. On January 23, 1920, Senator Owen, democrat, Oklahoma, member of the senate committee on banking and currency, and one of the authors of the bill creating the Federal Reserve bank, attacked the policy of the board in raising interest rates. He pointed out that the policy adopted had caused the decline in the price of Liberty bonds. If Liberty bonds, having as the security back of them the total wealth of the entire nation, were depreciated by the policy of the Federal Reserve board, it required no vivid imagination to realize how farm and other credits would suffer. It was, as stated, on January 23, 1920, when Senator Owen, democrat, made his direct charge, over a year before the end of the Wilson administration.

One of the first protests that the Wilsonian policy of the Federal Reserve bank was injuring agriculture was furnished by Senator Gronna, republican, of North Dakota, chairman of the senate committee on agriculture. On February 9, 1920, he introduced a resolution in the senate to instruct the committee on banking and currency to investigate and report to the senate the amount of loans made upon grain by the Federal Reserve and other banks, and to investigate the alleged cause of withdrawal of funds to provide loans and extensions or renewal of loans upon wheat and other cereals.

On May 15, 1920, Senator McCormick, republican, of Illinois, introduced a resolution in the senate similar to that introduced by Senator Gronna in February. The continuous objections and complaints from all over the nation began to tell on W. P. G. Harding, governor of the Federal Reserve board, and a democrat. He addressed a letter to Senator Mc-Cormick in which he said:

"Discount rate advances have checked credit transactions somewhat, but have not been entirely effective in bringing about the reduction in loans desired and which might normally have been expected during the early months of this

About this time, May, 1920, Governor Harding f the Federal Reserve board, complained that interest rates had not sufficiently checked credit transactions, and had not brought on "deflation" with sufficient

Yet "deflation" was getting in its deadly work not only on agriculture but on business generally. The pinch was being felt in all sections of the nation. Many democratic members of congress who could see what the ruinous result of the drastic "deflation" and curtailment of credits by the democratic Federal Reserve board was to be, began openly to make complant. On June 3, 1920, Representative Garner, disaccrat, of Texas, ranking member of the house ways and means committee, wrote a letter to the Yederal Reserve board protesting against its policy of "deflation" and curtailment of agricultural credts. He said that the democratic policy had resulted very disastrously to the wool interests of his state.

About this time Governor Harding, a democrat. adopted a polley of pulting out a steady stream of public propagands attempting to justify his position, and to this last complaint from Representative Garner, a fellow democrat, and a member of the "southern bloc" in congress, he made a special reply, saying that the policy of the federal reserve board did not

THE MORNING BEE of necessity curtail agricultural loans. He said that member banks had been notified to cut out all nonessential loans, but left each bank sole judge as to what it regarded non-essential. What did this mean? Banks dealing almost exclusively in agricultural cans were commanded to curtail loans. There was only one place they could curtail, and that was on agricultural loans. Governor Harding and his fellow democratic members of the federal reserve board knew this, and they also knew that the discretionary power with which they vested agricultural banks was absolutely meaningless.

> On June 9, 1921, Senator Simmons, democrat, of North Carolina, member of the "southern bloc," while discussing the bill to increase the funds of the Federal Farm Loan bank, said:

"I have no hesitation in saying that the narrow policy of the federal reserve board with respect to agriculture and agricultural loans in the matter of 'deflation' and in the matter of restric tion of credit at the wrong time, and going too far in both directions, coupled with the fact of their taking the lid practically off the interest rate charged by the federal reserve board, in largely responsible for the condition in which the farmer finds himself today."

These are the real facts as to the history of "deflation" during the last year and more of the Wilson administration. Hitchcock either knows or should know these facts. Hitchcock should have used his nfluence against this policy during the last year of he Wilson administration along with his colleagues. Senators Simmons, Owen, Representative Garner and many others of the "southern bloc." If it is his desire to serve the public, and particularly the farmers, face the deflation proposition frankly, past, present and future, and not now be engaged in "buck

Nothing more amusing has been offered in this campaign than the effort to credit the republican naional platform of June 10, 1920, with the "deflation" policy of the Wilson administration before and after the adoption of that platform. Yet the matter is far too serious for jesting. The situation today, as in the past, calls for real statesmanship. Only those who face the facts of the past frankly can qualify as proper hands in which to place the future solution of questions which so vitally concern the life and

#### HOOF-BEATS OF FASHION.

The saddle horse is coming back, they say in the east. Instead of following prairie trails the mount of today trots along the bridle paths that lace the well kept parks of the larger cities. It would be as strange as it would be pleasant if the west were to be won again to horsemanship, even through the influence of eastern fashion.

Athletic young visitors from the east seem surprised to find that horseback riding is not more prevalent here. Sometimes they hire a saddle horse and indulge in solitary jaunts, wondering why this sport is so neglected.

There are several fine stables of saddlers in Omaha. Back of them also is the tradition of the old four-footed west. We shall see what we shall see, and if once Omaha adopts the style, it can hold

#### WAR CLOUDS LESS DENSE.

Probability of a serious clash between the Kemalists and the Allies is lessend by the word from Paris that England and France are reaching accord as to the two are inevitably becoming very how they will proceed. Mustapha Kemal is a shrewd negotiator as well as a cruel butcher, and he may be credited with sufficient discretion to evade incurring n direct blow from England, even in hope that such a blow might arouse Mohammedans in India to action. Before the latter could provide assistance, Kemal's of rainfall. Until that times comes in defense of his country. Frequentcampaign would be crushed, and any hope Islam has of him would be in the dust.

These are the obvious aspects of the situation. and it is not a difficult conclusion to think that Kemal will welcome any sort of conference that promises to leave him in possession of Smyrna, from which he has eliminated the Christian by the effective method of extermination. Responsibility for Kemal rests mainly with England and France, and the world expects them to agree on and apply the means of quieting him.

#### PAGEANTRY AND THE PEOPLE.

Ak-Sar-Ben has just had its first experience with pageantry on a large scale. This, of course, does not mean to minimize in any sense a remarkable series of displays, parades, procession and the like that have been offered for public amusement or divertisement during the years of Ak-Sar-Ben's active existence. Each of these has some of the elements of pageantry, yet each has been but a fragment, in that it did not purport to detail a connected and properly rounded out tale.

But the pageant of "Quivera," presented in two parts at Ak-Sar-Ben field, is the perfect conception of the show, an elaborate presentation of a theme in all its elements, with the parades, dances, choruses and the mass as well as the individual movements, groupings and changes, in fact a drama complete and perfectly developed. Its success was not especially to be wondered at, for the people are ever receptive in mood for whatever has an appeal to the artistic, and here they found a most welcome opportunity for gratifying their tastes in this regard.

And, now that Omaha has been introduced to the pageant in its true form, hope may be expressed that the first will be but the forerunner of a long list of similar displays, just as the torch-lit exhibition of tweny-eight years ago begot the magnificent electric parades that are the admiration and marvel of hundreds of thousands of spectators each year. Pageantry and the people are pals.

Bankruptcy of a firm of New York brokers reveals the fact that they preyed on college boys whom they induced to speculate in stocks. With all the business courses that are now given in the universities, it does seem as if the boys should have been more cautious.

The sultan of Turkey is exultant over the rout of the Greeks, but he should reserve some of his thanksgiving until the affair is brought to a definite conclusion.

Feodor Chaliapin, famous Russian baritone-bass, simits that the Metropolitan Opera company is to pay him 30 per cent more than it did Caruso. That will be in the neighburhood of \$4,000 a night. But then, he has a wife and nine children to support.

Neutralizing the Dardanelles was one thing, but keeping the place neutral is quite another.

However ardent Summer might have been, she is making a mild and langurous sait.

On Second Thought

By M. M. STANSFER, " A big head does not necessarily imply a broad

## "From State and Nation"

-Editorials from other newspapers-

Blue Law Enforcement

to be good we often find some ex-ception to the general rule easily

"Slacker Voters."

ered by many patriots as fust one

the strategy adopted

the millions.

From the Bisir (Neb.) Pilot.

A. Hospe Co.

1513-15 Douglas Street

It remained for a woman, Mrs.

justifiable in our own case.

From the Sloop City Tribune.

It will be interesting to observe

From the Ohio State Journal.

Justifying the American Breakfast, preservation is the first law of nature" might have been made to From the New York World. day with perfect consistency, And say, when you come to think The American breakfast came in

for much medical reproof a genera-tion ago as being too hearty for all Crockett was dreaming of the day of but manual laborers. Brain-workfected and in general observance, all heedless drivers of automobiles.

We pay more or less penalties for gara of protest.

the old substantial meal. The Medical Review of Reviews felly consists of a daredevil has obtained professional opinion majority view, Dr. F. J. Underwood cept anything less than your life, of the Mississippi state board of and the lives of your passengers. the Mississippi state board of health recommends "a fairly sub-stantial breakfast of fruit, cereal, bacon and aggs, etc.," followed by a light luncheon and a heavy meal at 6 in the evening, as conductve to "better mental work."

It is not long since this regimen ment in Piqua, if the experiment of for brainworkers might have been deemed heretical. But medical judgments no less than judicial are subject to reversal, and it is only common sense that the intellectual worker needs as much food as the manual worker. Writing a law brief naturedly, perhaps, however, chief-stimulates the appetite quite as ly because of the novelty. No ar-keenly as a round of golf. The plan rests were made for violations of the of a hearty breakfast and a light luncheon is exactly contrary to the continental practice. But the point for special remark is the return of traditional American breakfast opinion tools it away and expert inedical opinion now restores it, to most people's satisfaction.

### From the St. Louis Globe Democrat,

A Colorado paper grows indignant because easterners, particularly eastern writers, occupy the insistent atthe picturesque wilderness that their fancy paints it. "They desire the game in a place a little way outside to remain as it was half a century ago for the benefit of the casterners' vacation," says the west-cent editor, adding that "the west has been trying, not very successfully, to been trying, not very successfully, to the absence of street car better roads, police protection, fire

gret somewhat the passing of our early pioneer scenes and scenery, but torce the law at all hazards, but we for these things? G.A. SPIDEL we trust the romantic-minded east suppose this was considered by those will not resent our skyscrapers. We appearing in the picture as a work can't all live and carry on business in log cabins, sodhouses and tepees. We have to grow up.

And besides encouraging Uncle

Sam to lay out vast demesnes in naional parks for our beloved and welcousins to the eastward aunt through in their outings, don't we institute rodeos and wild west festivals all over the mountain and prairie states for their special edi-fication in our untamed life?

Can they expect our entirely civil-tzed Indians to obligingly offer their tive name to that citizen who fails

much alike.

#### Water for the Crops

come crops are likely to be cut short by it was sheer cowardice that kept by dry weather—at least that has him at home, but with some there een the history of this sec- was a feeling of indifference as to always been the history of this section of Nebraska, and we have no reason to believe that nature will provide anything different. Once this large acreage is under irrigation disches the great Platte valley will seed by many patriots as just one disches the great Platte valley will seed by many patriots as just one ditches the great Platte valley will at once become the garden spot of step removed from the traitor. These

the country.

Wonderful crops are being produced along the valley this season where water from the river or privately owned pumping systems are light, indeed. He deserves, howin use. There was sufficient rainfall in most localities to insure a bumper crop of everything but corn this summer. However, irrigation would no doubt have doubled the yield of all crops on dry land, and irrigation will and must come to the Platte valley. If the proposed government valley. If the proposed government enough, just as war-time slackers ditch between here and North Platte criticized the strategy adopted by is not forthcoming, then every valley others in trying to win the war. A farm should have a pumping system, way was found to impress slackers Sufficient water is one great need of into the service as soldiers, and in the farming industry in central and western Nebraska, and the sooner the farmers realize this fact the better it will be for them and everybody

#### The Tax on Folly.

From the Harvard (Neb.) Courier. Poor Richard said: "The taxes are indeed very heavy. If those laid on by the government were the only ones we might easily discharge

Then he went on to say that we great industries. It is a business of are taxed four times as much by our seasonal buying - there are not folly, and, from this tax, the commissioners cannot ease or deliver us by lowering or abating it, Maybe time some one will say that these words written by Richard in 1757, in the as are needed. There is enough coal time of our great-grandfathers, can-not be true today. To think so for 4,000 years, yet shortage follows would be a mistake, for most of the shortage. Frofits rarely are normal old sayings that have come down to —there is either a feast or a famine were spoken for all time. Out of each 200 pounds of cos We have a good illustration of the mined only about 76 pounds ar

high tax of folly every time we read actually converted into heat energy of thoughtless actions leading to in-jury and death at the railroad cross- The oil industry ing. Whenever we hear about the same condition until John D. Rockedriver of an auto meeting with disaster, crossing the tracks, we cannot try needs an organizing genius. He excape the thought that that person will come. was surely aware of the peril to met in such a place and that he should have taken better care of

himself.
In the days of Benjamin Franklin, who wrote under the name of "Poor Richard," there were no trains of case and no automobiles, but there ere other dangers to think aboutnty of them. The ancient saying that "self-

#### NET AVERAGE CIRCULATION for AUGUST, 1922, of THE OMAHA BEE

B. BREWER, Gen. Mgr. ELMER S. ROOD, Cir. Mgr.

Sware to and subscribed before no this 3d day of September, 1822. W. H. QUIVEY, (Seat) Netwy Public.

The not everage daily elections of the Unesha Bee for August 1922, was 12,378, a gain of 15,487 over August of 1821. The not avange Sauday correlation of The Omaha Bee for August, 1922, was 78,112, a gain of 18,789 over August of 1811. This is a surper point of 1811, This is a surper point than that made by any other daily or Sunday Unesha that made by any other daily or Sunday Unesha newspaper.

# "The People's Voice"

Editorial from readers of The Morning Bee, Readers of The Morning Era are invited to use this column freely for expression on matters of public interest.

#### Question on Taxation

Waverly, Neb.—To the Editor of The Omaha Bee: Taxation is as sure "Henrys" and motor cars when he told the world to "Re sure you are told the world to "Re sure you are told the world to "Re sure you are it. As a result of wide dietetic missionary work it was simplified by the elimination of meats and hot breaks. Now, with the reform eftolday to proclaim that warning to harden to tolday to proclaim that warning to harden of taxation has caused a personnel mutation by the process of the Editor of the Solidor of the Omaha Bee: Taxation is as sure as death, but, while the terrors of deaths have not been materially enhanced in the past few years, the breads. Now, with the reform of the Solidor of t perennial murmur to grow to a Nia-

varying acts of folly, but when the We are taxed because we can secure services through our govern-ment that we could not obtain indithoughtlessness at the crossing that brings us in contact with a fast moving train the tax required of us fast vidually. Our tax receipts are elo-of us quent witnesses to the fact that taxes tterly have increased; are we sure that the from 46 states on the subject and discovered that 73 per cent of the moving train the tax required of us physicians questioned favor a hearty breakfast for persons in sedentary destructive. Old Man Death is the services of government have increased ax collector then, and he won't accompanions. As an example of the

Perhaps our largest item of taxa-tion is to support the schools. Have the schools improved; have the improvements if any, been secured at a reasonable expense; are they reasonable and desirable improvements, sranting that the expense has not

the progress of the blue law enforcebeen excessive? Even a superficial examination will diclose that the schools have indeed improved. The little red last Sunday is continued. Last Sunday in that Ohio city the old law proschool house is no olnger little and hibiting labor regarded as not essenno longer red. Not only are housing facilities better, but teachers are enforced and the people seem to have accepted the situation goodbetter trained, the curriculum been enriched by the addition of voly because of the novelty. No arcational and other studies, and social and recreational facilities have been improved. The question whether these things have been secured at a law, but some cases are pending from the previous Sunday, when the reasonable expense is not so easily mayor's proclamation had not yet been issued, and, if those held for offenses against the old law are answered. Building expenses have been high and teachers' salaries are to its old status. Expert medical uniformly acquitted by juries, it will reported to have been increased, but opinion took it away and expert be a pretty good indication that granting these things, have the granting these things, have the boards of education been good barsentiment is overwhelmingly against Puritan Sunday customs now and therefore that the law is a dead gainers? It is for the com decide, and the answer will no doubt

vary widely in different places. Whether or not the improvements The result of the rigid enforcement of the old Sunday law seems mentioned are reasonable and deto have been different in some respects from what the advocates of
this return to the old regime had
anticipated. An unusually large
progressive schools to train leaders the picturesque wilderness that their crowd was present at a baseball to lead it to greater success. A poor fancy paints it. "They desire the game in a place a little way outside community will likely have poor

been trying, not very successfully, to allow something of the old west to cribed to the absence of street car better roads, police protection, fire remain for the benefit of the easterners, but not to leave it a wilder-other activities involving labor, was before? Is the better service secured before? Is the better service secured ness in order to supply a made-toorder mise en scene for novelist and
playwright."

It is true, even we westerners regret somewhat the passing of our looking grimly determined to en-

Challenges Street Fair Exhibit. of necessity. When we decide just exactly what other people must do Omaha.-To the Editor of The Omaha Bee: In your issue of Sep-tember 18, under a prominent head-line, you boost an "European War Exhibit" at the Ak-Sar-Ben street fair, including one Albert Reeves, sharpshooter (presumably can), who was captured by the Germans and upon refusal to give in Florence P. Pierce, president of the Iowa League of Women Voters, to his tongue cut out and the sight of one eye destroyed by them. He was kept in prison, according to your paper, for three years by the Gerfamous tribal dances in turkey feathers and buckskin and converse in "How hows" with the white strangers, though they may have diplomas at home?

To vote. She calls him a "stacker was have and buckskin and converse in voter." and goes on to say "we have less fo fear from the radicals, who are though they may have diplomas are comparatively few, than we have at home?

To vote. She calls him a "stacker was have after the above mutilations, but is now released to become a valuable exhibit of American street fairs. You say the admission is free, fairs. You say the admission is free, fairs. You say the admission is free, fairs. That is an observation that ought except for to impress even the indifferent citizen whose neglect of duty at the polls has won for him an apt nick-"Major" Milt Runkle, who is there

Water for the Crops.

From the Shelten (Neb.) Clipper.

All the Platte valley needs is an ample supply of water to irrigate the land when there is a shortage the land when there is a shortage one reason or another to bear arms of the American and allege armies," I tried to interview Mr. Reeves, but of course was informed by "Major" Runkle that he could not hear or speak. I was also important the land when there is a shortage one reason or another to bear arms or reproduction of the German "iron". ly it was sheer cowardice that kept cross' decoration. Now, I shall be very glad to con tribute \$50 to such "donations" if the Messrs. Reeves and Runkle will

> statements made regarding Reeves. as published in the article referred to, are correct and true,
> A. L. MEYER.

Not a Soldiers' Hospital. Bellevue, Neb .- To the Editor of ever, all the criticism the definitions The Omaha Bee: There seems to be a mistaken idea in some quarters

#### WHEN YOU FEEL YOUR BELIEF IN SIGNS SLIPPING



order to give our school a square during that time. deal and help along our progress by to be sick, for we are too busy informing the public of the truth? working at our various objectives, We have four beds in the infirmand studying, playing tennis, base-ary here, but they have not been ball, volley ball, boxing and swimused at all during the three months ming to think of anything that would

not known of any student being sick in hospital.



