

ENIGMOUS DEFICIT NATIONAL DEBT

Government Explains All Its Funds Are Needed for Pacification Expenses.

LARGE SUMS NEARLY DUE

Practice of Making Remittances to Financial Centers to Meet Payments Discontinued for Next Six Months.

MEXICO CITY, Jan. 13.—After a meeting of the cabinet which lasted until early this morning the Mexican Foreign Minister, Queen Rodriguez, announced that the Mexican government will default in the payment of all interest on the bonds of the internal and external debts which now remain unpaid or which fall due within the next six months. A heavy payment of interest on the foreign debt becomes due in April.

It has been the practice of the government to make weekly remittances to New York, London and Paris to apply to its interest obligations, in order that when the interest payment periods arrived the money would be in hand. These weekly remittances have now been suspended, the explanation being that the government requires all available funds for pacification expenses. The Foreign Minister said also he had been instructed to notify all foreign governments of the default.

The principal internal and external loans of Mexico are held for the most part in the United States. Great Britain, France and Germany also hold some of the coupons and dates of payment of the coupons are as follows: \$43,225,250 consolidated internal 2 per cent silver bonds, coupons payable on June 1 and December 31; \$95,222,000 5 per cent internal redeemable bonds, coupons payable April 1 and October 1; \$113,500,000 5 per cent external consolidated gold loan of 1899, coupons payable January 1, April 1, July 1 and October 1; \$40,000,000 4 per cent gold bond of 1904, coupons payable June 1 and December 1.

Refugees on Way to Asylum. Escaping Army on Mexican Side. Houts Small Band of Rebels.

PRESIDIO, Tex., Jan. 13.—Turning their backs on Mexico, the ragged soldiers and Generals of the Mexican Federal army, routed by the rebels from Ojinaga, Mexico, opposite here, began today their march toward Fort Bliss at El Paso, Tex., where they are to be kept indefinitely as wards of the United States Government.

The refugees, as they are counted by Major McNamee are 3552 soldiers and officers, 1067 women and about 300 children and infants, who are to be housed and fed by this country.

As he watched the vanguard of his army depart, all of them ill-fed, half clad, footsore and disarmed, General Salvador Mercado, Huerta's former military chief in the north and himself a refugee, stood by the roadside. His own blue frock coat was tatty, the insignias of his rank were gone and on his face was an expression of incredible suffering.

"There is no country, except my own, to which I feel more grateful than the United States," he said, and walked away.

With about 700 soldiers on horses, Orozco, Salazar, Caraveo and Rojas, commanders of federal volunteers, escaped from the rebels at Ojinaga through La Muela, a small town on the river, after they had defeated a small body of rebels. The fact that they escaped gave General Villa much anxiety. He had ordered his men to make sure the rebels evacuated some time before the rebels realized it.

COAL GAINS BY HANDLING. Witnesses in Fuel Case Tell How Weights Increased.

SAN FRANCISCO, Jan. 13.—Coal bought and sold by the Western Fuel company became heavier every time it was rebalanced, according to figures from the company's books, read in court today by the Government. Eight directors and employees of the company are on trial for charges of defrauding the Government by obtaining undeserved customs rebates.

An instance presented to the Government today was the discharge of \$418 tons of imported coal into the steamer Algon in 1908. The coal received there was 400 tons, and when it was taken out it weighed, according to the books, 659 tons more than when it went in. From barges, the same coal was loaded into American steamers, with another jump in weight and on this final weight the company collected a customs rebate.

ASSISTANT SECRETARY OF TREASURY WHOM PRESIDENT HAS CHOSEN TO BE CONTROLLER.



JOHN SKELTON WILLIAMS.

VIRGINIAN IS NAMED

John Skelton Williams Is Choice for Controller.

POSITION LONG VACANT

Ex-Officio Membership on Currency Reserve Board Included—McAdoo, After Sounding Senators, Predicts Confirmation.

WASHINGTON, Jan. 13.—President Wilson nominated today John Skelton Williams, of Virginia, Assistant Secretary of the Treasury, for Controller of the Currency and ex-officio member of the Federal Reserve Board, which will administer the affairs of the new currency system.

Williams is now Assistant Secretary of the Treasury in charge of the fiscal bureau and Secretary McAdoo's first assistant in matters of Government finance. The office of Controller of the Currency has been vacant several months. It is understood that during the President's absence Secretary McAdoo has been sounding Senators about the nomination and believes it will be confirmed. So far as known, the President had ordered the resignation of the Federal Reserve Board.

Reference was made in executive session of the Senate after a brief discussion, during which an effort was made to have the nomination referred to the committee on finance. Heretofore such a nomination would have been referred to the committee on the Judiciary, but Senator Smoot called attention to the fact that the banking and currency committee was created to deal with all the money, banking and banking matters in the near future. Some Senators, it is reported, will urge careful deliberation, and it may be some time before the nomination is confirmed.

ALL WILLING, NONE PAY

(Continued From First Page.) plain lunch. And that's what we had. Some spuds and tear-makers fried together, "sowbelly," "punk," Java—Bum's sugar and condensed milk and apples borrowed from a genial farmer.

While we ate we hung our shoo-out blanket between the trees and hoped it would dry. A group of the Pacific scampers playfully along the road, stopped and looked at us wondering. Then, concluding we were tramping, and homeless, stuck out their tongues at us, making faces at us. It was not until they "sleeked" their dog on us that I paid any attention to their taunts. But when the dog came and snarled at us, snapping, I made a move to help settle the rabies question in Marion County and the children ran away, full of fear, calling their dog after them. And it was not long before a farmer came down to inspect us. The children had told him a lurid Gypsy story.

"TRUST" THREAT IS DENIED

Testimony Conflicts in Suit to Dissolve Shoe Machinery Company.

BOSTON, Jan. 13.—Colonel William Harbour of New York, vice-president of the United Shoe Machinery Company, testifying today in the dissolution proceedings against the company, denied that he had threatened any one in connection with the proposed sale to the United of the Standard Shoe Machinery Company.

James M. Darragh, a Government witness, had previously testified that Colonel Harbour in a conversation at New York in April, 1904, said that he had a large stock of machinery in the United Shoe Machinery Company and that he did not propose to have it placed in jeopardy by competition and added: "We always try to buy our competitors. If we cannot buy them out we force them out. If you don't sell out we will crush you."

FOURTH ARMY RECORDS BY COMPANY

Reserve and Artillery, Shortage of Ammunition Are Put in First Place.

OFFICERS ALSO LACKING

General Wood Commission 400 Provisional Second Lieutenants Annually From Among Military School Graduates.

WASHINGTON, Jan. 13.—Four steps of vital importance, essential to place the United States Army in a state of reasonable preparedness for possible war, were recommended by Secretary Garrison today by Major-General Wood in his last annual report as chief of staff of the Army.

First—Establishment of a reserve of trained men sufficient to bring the regular Army immediately to full statutory strength and to replace the losses of the first three months of war.

Second—Prompt provision of the remaining 40 per cent of the field artillery project, including guns as yet unprovided for and the necessary ammunition for those now made or under manufacture.

Three Infantry Divisions Desired. Third—Creation of the necessary organizations to give three complete infantry divisions within the continental limits of the United States.

Fourth—Enactment of such personnel legislation as will eliminate effectively the unfit and stimulate the efficient officer to continued efforts toward establishing a condition which will progress in rank and command will have a close and dependent relationship on capacity, fitness and accomplishment.

The establishment of the reserve and the completion of the artillery project, General Wood said, should be carried out at once to avert disaster in time of war. The shortage of ammunition, he added, constituted a grave danger, since the establishment of a reserve of more than 80,000 men in a population of more than 80,000,000.

The report referred to the Mexican situation only in connection with the lines are built to railroad trunk lines. The neutrality laws and the protection of the people on the border. General Wood said this work has been performed by the Chamber of Deputies, the division assembled at Texas City, he said, had been maintained in excellent condition, the camp sanitation reflecting great credit on the medical corps.

Question of Reserve Discussed. In connection with the creation of a reserve, which he regards as the most important army subject that has been before Congress in years, General Wood said that the reserve would require immediately several thousand officers. He suggested the creation of a reserve of officers by selecting each year 400 youths from the graduating classes of military schools with Army officers as instructors. The Chamber of Deputies, Second Lieutenants in the Army or periods of one year, subject only to physical examination.

The Philippine scouts should not be included in estimating the strength of the Army and pointed out that their organization is not a part of the organization of the infantry, field artillery and engineers necessary to complete three tactical infantry divisions.

The cavalry, which is deficient in the cavalry arm, now sadly deficient, in the Philippines, the General suggested legislation authorizing the maintenance of a limited number of regiments for the guardsmen. New York, he said, was the only state which had made progress during the past year towards the completion of the military organization and its militia may shortly be expected to complete plans for smoothly passing into Federal service in case of need.

Federal Pay Recommended. The report favored Federal pay for the grades which is promptly available for Federal service. General Wood recommended admitting to the military academy on physical examination alone young men of proper character who have passed entrance examinations to schools and colleges whose tests equal requirements at West Point.

Though the consolidated quartermaster corps has operated successfully, the report advised that it should be reorganized, which the Republican party should be transferred to the engineer corps. Also the ordnance department should be reorganized, and quartermaster supplies which it can make, the report says.

Closer accountability by the colleges receiving Government aid and instructors was recommended. Thousands of people have voluntarily written letters describing and proving relief by Hood's Sarsaparilla in many blood troubles.

GOOD TIMES PREDICTED. UNDERWOOD SAYS BUSINESS IS ALREADY REVIVING. Panic-Preaching Brokers, House Leader Declares, Will Be Shamed Before Next Election.

WASHINGTON, Jan. 13.—An industrial awakening, "that will put the panic-stricken business world on its feet," was predicted today by Democratic Leader Underwood, after Republicans in the House had painted a picture of ruin and desolation as the result of Democratic legislation.

"The Democratic party," Mr. Underwood asserted, "has achieved for the American people more than has been accomplished heretofore in the history of our Government. We have procured the results which the Republican party struggled for in the course of 20 years; the result which they gave their tongues to obtain and which for years after term of Congress were left undone. I look forward to unusual prosperity throughout the country in the near future."

C. S. BLISS SILVERTON YOUNG MAN ACHIEVES RECORD

A story of success reaches this city from Silverton, Oregon, the home of C. S. Bliss, the Willamette Valley representative of the Columbia Life & Trust company.

In the month of December Mr. Bliss wrote insurance to the value of \$126,000—a total of sixty-one policies, or an average of over two a day.

To the average man who has been called on by the general run of insurance agents this record seems impossible—it does not sound reasonable that one man can call on two men a day and sell them both.

Yet this is what Mr. Bliss did, and he achieved this splendid record in a sparsely settled territory, where prospects are not as numerous as in the city.

Mr. Bliss, in speaking of this remarkable showing, felt inclined to reflect the credit of his work on the standing and popularity of his company. "While I kept me pretty busy," he said, "I never could have accomplished what I did but for the splendid standing of the Columbia Life & Trust Company. All those I have called on in the year and a half that I have been associated with this institution, are strongly in favor of this company."

Mr. Ladd, Mr. Lockwood and Mr. Wilcox, as well as the other officers and directors of the company are well and favorably known in the Northwest, and this personal equation taken in connection with the strength of the company, and the variety and liberality of its policies, paved the way for the little effort on my part required to write this amount of business."

Industrial depression has been passing through what has lasted more than a year. It began before Woodrow Wilson was elected, burning two million values next fall there will be an industrial awakening that will put to shame the panic-preaching brokers who cry disaster in order to bring about depressions.

FRANCE TO TAX RICHES ASSESSMENT OF FORTUNES TO BE USED FOR MILITARY. Minister of Finance Estimates Nation Will Gain \$35,000,000 First Year. Income Tax Also Planned.

PARIS, Jan. 13.—The French cabinet's project to meet the immense additions to the military expenses of the country by annual tax on capital was approved by the Chamber of Deputies when it reassembled today. It had been anxiously awaited by the "property" classes of France.

Joseph Caillaux, Minister of Finance, author of the measure, estimates that the tax will produce \$35,000,000 in the first year and more in the years following.

The new tax begins with fortunes amounting to \$6000. After deducting \$1000 for each child, an assessment of 10 cents is to be made on each \$200. The assessment on a million dollars is up to 50 cents on each \$300 on fortunes of more than \$2,000,000. The tax is to be supplemented by an income tax.

The French government, in drafting the bill, kept two considerations in view—not to drive capital from the country and yet to add considerably to the government revenue.

Paul Deschamps was re-elected speaker of the Chamber of Deputies.



"What an improvement, Kate!"

Most men are generous with their families, especially in a home where there are girls. They covet for them all the advantages which add personal charm and attractiveness. In every such home there should be a piano—a true toned piano—the kind that robs practice of its drudgery and makes the study hour a delight.

Our Big Value The Kingsbury

Makes extravagance in piano buying unnecessary. It is built especially for those who possess a true sense of musical values and a shrewd sense of the dollar's worth.

The surprise awaiting you—To learn the price and the easy terms on which we put this instrument in your home.

The Wible & Allen Co. Broadway and Morrison Streets PORTLAND

Barn Insured, Burns in Three Days. WALLA WALLA, Wash., Jan. 12.—(Special.)—A morning fire destroyed a barn on the property of J. B. Dunham, Lincoln street, burning two miles valued at \$800. The total loss is \$2500. The property was insured Saturday.

A Great Kidney Remedy According to Thousands Of Reports

My wife has been suffering with kidney and bladder trouble in bad form since she was nine years of age. She was in such a condition that she was confined to her bed and several doctors here treated her, but to no effect. About nine months ago she began to take Dr. Kilmer's Swamp-Root and began to improve immediately. She is practically well now and she is able to do all of her work. At the time she was sick she suffered greatly and it looked as if she would die, but thanks to your valuable remedy she is now a new woman. I can recommend Dr. Kilmer's Swamp-Root as the best kidney and bladder remedy on earth and if you desire your own health, be sure and hope that it may enable other sufferers to get relief.

Yours very truly, G. T. CURRY, Hubbard, Texas. Subscribed and sworn to before me this 6th day of April, 1912. G. BISHOP, Notary Public. Gentlemen—I sold the above Mr. G. T. Curry the Swamp-Root. J. Olin Kelt, Druggist.

Letter to Dr. Kilmer & Co., Binghamton, N. Y. Prove What Swamp-Root Will Do for You. Send ten cents to Dr. Kilmer & Co., Binghamton, N. Y., for a sample size bottle. It will convince anyone. You will also receive a booklet of valuable information, telling about the kidneys and bladder. When writing, be sure and mention The Portland Daily Oregonian. Regular fifty-cent and one-dollar size bottles for sale at all drug stores.—Adv.

STOMACH SUFFERERS

Mayr's Wonderful Stomach Remedy Is Recommended and Praised by Thousands Who Have Been Restored. "I was a sick man for about three months caused from Gall Stones of the liver and was told by three of our prominent physicians that I would have to submit to an operation to get relief, but I heard of your Wonderful Stomach Remedy and secured a full treatment and took it according to directions and passed hundreds of Gall Stones. My liver and stomach are now restored and I feel like a new man. I am praising your Remedy to all my friends. I think it's worth of the highest praise. B. L. DOOLEY, Rossmore, Va."

EASY TO DARKEN YOUR GRAY HAIR

You Can Bring Back Color and Lustre With Sage Tea and Sulphur. When you darken your hair with Sage Tea and Sulphur, no one can tell, because it's done so naturally, so even the ready-to-use tonic called "Wyeth's Sage and Sulphur Hair Remedy." You just dampen a sponge or soft brush with it and draw this through your hair, taking one small strand at a time. By morning all gray hair disappears, and, after another application or two, your hair becomes beautifully darkened, glossy and luxuriant. You will also discover dandruff is gone and hair has stopped falling.

Gray, faded hair, though no disgrace, is a sign of old age, and as we all desire a youthful and attractive appearance, get busy at once with Wyeth's Sage and Sulphur and look years younger.—Adv.