AMERICAN FORCES CLOSING ON AGUINALDO'S ARMY

Thirty Thousand of Otis' Troops Have Commenced a Campaign "All Along the Line."

IMPORTANT RESULTS TO TRANSPIRE

General Belief in Military Circles that the End is Nearly in Sight and That the Rebellion Will Be Crushed This Month.

NEW YORK, Nov. 6.—A special to the Herald from Washington says:

With forces aggregating more than 30,000 fighting men, Generals Lawton, MacArthur and Wheaton are now closing in on Aguinaldo's army. General Otis set November 5 and 6 as the dates for commencing the campaign "all along the line" and the war department has information today that the program is being carried out.

General Otis' dispatches are optimistic in the highest degree and the officials are predicting that the rebellion will be crushed before the end of the prsent month and that important victories will be announced within a few days.

The military situation was thus analyzed today by an official familiar with General Otis' plancs of operation, as reported to the war department:

"Aguinaldo, with his army greatly reduced, owing to recent disintegrations, is at Bayambang, twenty miles north of Tarlac, which was his headquarters and the objectives of Lawton's and MacArthur's armies up to a fortnight ago.

"General MacArthur moves northward along the railroad to Bayambang, taking the towns of Tarlac, Panaque, Moncoda and others as he goes along. General Lawton moves northward from Colantua as his base, and with columns swerving to the right and left to sweep the country to the Rio Agno river, and to head off Aguinaldo's escape to the mountains through Rio Agno valley. At last accounts detachments from his command had taken Allaga, west of his base, Talavera being to the north and Bayambang to the northwest.

"General Wheaton moves southward from Dagupan to Bayambang. His movements up to this time have been kept from the public, but now that the campaign is in progress, I am at liberty to mention that he headed an expedition sent out on transports for the Gulf of Lingayen last week. The navy's task was to shell the towns on the southern part of the gulf, so as to effect the safe landing of his expedition.

"Unless Aguinaldo has escaped to the eastward through the Rio Agno valley, he ought to be caught between General Wheaton's forces from the north and General MacArthur's from the south within the next 48 hours, as Bayambang, where he is supposed to be located, is less than 20 miles from Dagupan and about 40 miles from Angeles.

"Although General MacArthur's main forces were at Angeles at last accounts, it is believed that one of his columns has reached and taken Tarlac before this time and that the railroad to that point is now in control of the American forces and that it is only a question of a few days when his command will reach Bayambang.

"From the plan of campaign mapped out Aguinaldo's only possible means of escape would seem to be to the eastward through the Rio Agno valley into the mountains, as the forces under Generals Lawton and MacArthur moving northward are keeping scouts well out to the front so as to prevent the enemy from escaping southward."

It seems to have been figured out by the authorities that Aguinaldo wouldn't attempt to cross the mountains to the northeastward, because when he got on the other side he would be quite as hostile to the Tagalos as the American troops. The northern part of the island of Luzon is cut off from the central by high ranges of mountains. The other side is peopled by mixed races. It is said they are friendly to the United States and particularly bitter against the Tagalos.

The war department has not been advised as to the exact number of troops now engaged under Generals Lawton, MacArthur and Wheaton, but it is estimated that of the 44,000 which General Otis reported he had yesterday, at least 30,000 are engaged in the campaign north of Manila. According to recent dispatches from General Otis there has been a general scattering of Aguinaldo's forces and one report stated that he did not have more than 3,000 men with him at Bayambang.

General Otis expressed the opinion that the disintegration of Aguinaldo's men meant that they were getting tired of the war and predicted the surrender of a large number of bands in a short time.

Some of the military experts fear General Otis is over sanguine on this point and that the disintegration may mean the beginning of a prolonged guerrilla warfare.

MAGALANG A GOOD TOWN.

Captured Only After a Stout Defense by the Insurgents.

MANILA, Nov. 6, 10:50 a. m.—Magalang, the town taken yesterday by the two columns of General MacArthur's division under Colonel Smith and Major O'Brien, is a strong town situated midway between Angeles and Arayat.

The movement is a part of a plan for the Americans to possess all the country to the southeast of Tarlac, as the troops close in on the capital, cutting the line of the enemy's retreat in that direction. The insurgent force is estimated at 1,000.

Colonel Smith first encountered a small force entrenched a quarter of a mile beyond Angeles, which soon retreated, leaving two of their number dead. The enemy made a stort stand at the outskirts of Barrios and San Francisco, briskly shooting at the advancing Americans.

Captain Brush deployed with the advance guard of the battalion and charged the Filipinos, who took flight. Seven Americans were wounded. The Americans almost surrounded the insurgents, who resisted stubbornly, but Lieutenant Hamilton's artillery cut them up. Lieutenant Slavin's troops captured a company of the enemy with their arms during the advance

General Wheeler's brigade is formed at Angeles in order to be prepared for a general engagement.

DUTY OF CONGRESS IN PHILIPPINES

TO ESTABLISH GOVERNMENT

Senator Morgan Thinks This the Best Answer That Can Be Made to the Anti-Expansionists.

NEW YORK, Nov. 6.—A special to the Herald from Washington says:

"Congress should at once take action in relation to the Philippines," said Senator Morgan tonight. This action should be taken in the discharge of the duty imposed by section four, article four, of the constitution, which provides that the United States shall guarantee to every state in this union a republican form of government."

The senator said that this imposed a distinct duty upon congress, and the discharge of that duty by action looking to the establishment of a republican form of government in the Philippines would be the best answer possible to the anti-imperialists. He explained that what he meant by giving a republican form of government to the Philippines was that the best form of republican government known in the world, which would be the best form to be found among the ideal, and that every step toward establishing a government in the Philippines should be an approach to this high ideal.

No attempt should be made, he said, to frame a detailed government for the island as a whole or for any of the various people who inhabited them without a thorough understanding of all the conditions and needs of the inhabitants.

Asked whether he favored a congressional commission to visit the Philippines and study the conditions there before attempting to frame a system of government, he replied:

"I think it would be wise to have such a commission visit the islands. If we had undertaken to frame a government for Hawaii without the study of local conditions which our commission made, I think it is probable that we would have made some egregious blunders. This study of conditions and of the peculiar characteristics and needs of the people is even more necesary in the case of the Philippines than in Hawaii, because we know less of the Philippines."

In Senator Morgan's opinion the government of the United States should have charge of the external relations of all matters relating to the islands as a group, while the local affairs should be confided as far as possible to the people of the different localities. In this connection he spoke of the township system of the New England states as the highest ideal of local self-government.

The question of who should have the right to vote would have to be determined by congress, and in this connection the senator called attention to the fact that in the first instance the determination of who shall have the suffrage in the states and territories organized under the United States, is an arbitrary act, in some places, men only being allowed to vote, in others men and women, and in others various qualifications being prescribed.

Existing laws, the senator thought, should be continued in force as far as they were good laws because the people understood them. One change that would have to be made would be to take away from the friars and the religious orders their power of levying taxes on the people.

Senator Morgan is of the opinion that while the United States should undertake at once the solution of the problem of governing the Philippines, the development of that government into its untimate form will have to be a matter of growth.

LONDON FINANCES ARE UNQUIET

GOLD GOING TO HOLLAND

Loans and Discounts Going Up But No Serious Troubles are Feared—Little Stock is Being Bought.

NEW YORK, Nov. 6.—The Times London financial correspondent cables:

According today's aspect, our money market promises higher rates, but not much higher. The experience of the last few weeks has shown it to be unsafe to allow discount to fall below 5½ per cent. At and above that rate gold was attracted to London, or at least prevented from going away, but directly the rate fell below it, the demand for gold for export began to revive, while supplies ceased to arrive. No gold has thus far been openly taken back to England, but Holland has swept away any small supplies available in the market, and on these failing sundry parcels of sovereigns have been withdrawn privately for shipment to Amsterdam.

In the open market the week loans rose to 3 and 3¼ per cent, where they have since stuck, and immediately the bill brokers commenced to work up discount, first to 4 per cent and today by steps to 4¾. Whether the market will keep thus hard is doubtful, because cheap loans always in the end defeat discounters. Brokers say we are determined to put a three months' rate of discount of 4½ per cent as the minimum, but they are certain to fall until loan money can rise in the neighborhood of 4 per cent.

It may do this, but hardly yet, for the Bank of England has merely its own bill case to depend on as a means of pressure, the Japanese loan money not being under its control unless it is prepared to pay interest upon it. The estimate is that the bank still holds more than £3,000,000 of bills, about one-third of which will be run off by the middle of this month. Apart from the gold, all really depends upon the action of the government, and the market is still in the dark about the amounts of treasury bills likely to be offered.

Estimates range up to £5,000,000, and £3,000,000 are offered for next Friday. But the issue of treasury floaters, were it ten millions, by no means guarantees immediate higher charges for short credits. All depends on where the money is spent, and the probability is that more than half will be disbursed here, in which case the increased treasury outlay might mean a flooded market just when everybody is counting on high rates.

Thus I reach the conclusion that nothing in the domestic position warrants the expectation of very dear money this year, although quotations are sure to be higher during the next eight weeks than in the last four.

Abroad the position remains uncomfortable everywhere, but calmer in most places. From all the great monetary centers the advances this week point not to ease, but to a slackening of tension, although neither France nor Germany is in a position to state that the banks are better off. Still no violent wrench of rates is likely to originate in those centers, and we are less apprehensive about them than about New York. If you draw gold from us, we must set a 6 per cent bank rate, otherwise we shall jog alone very much where we are.

One thing this war has effectually done. It has stopped great speculative operations in markets and has forced liquidation on many too distended positions. This week the markets have been swayed under the influence of the war bulletins much less than has been foreseen. On Tuesday, when the news looked the blackest, prices dipped, but from inside pressure alone. The public throughout has either been buying or standing aloof; but buying is much more in evidence during the last three days. It is good buying too.

The Indian cotton industry is depressed because the Chinese markets are glutted through the competition of the Americans and Japanese. The strike of the colleries in South Wales has probably been averted.