

PARIS RECEIVES CAPTURED GERMAN STANDARDS



Great ceremony attended the occasion of the conveying of seven captured German war standards to the museum of the Invalides in Paris. The photograph shows the flags being carried across the courtyard.

RESERVE BANKS NOW OPERATING

Government's Elastic Currency System a Reality.

Change Is First in 50 Years—New Notes Ordered—Evolution Will Be Gradual.

Washington, D. C.—With the opening Monday of the 12 Federal reserve banks the nation will begin actual operation of its new currency system, designed to provide an elastic circulating medium based on modern ideas of finance and economics.

It has taken the reserve bank organization committee and the Federal Reserve board almost 12 months to work out details of organization to the point where an opening date was chosen. Notwithstanding careful deliberations which preceded every preliminary step, the 12 banks will not for many weeks take up and exercise all the functions bestowed upon them by congress. Such evolution as will result from the old national banking system of necessity will in most respects be slow.

The new system is generally conceded to be a compromise between a central bank and the present system with its thousands of units, scattered reserves and fixed limits of currency. Its chief attraction and value those who interpret it find the elasticity it will give to recognized paper currency. Under the present law National bank currency is almost a fixed quantity, based upon the National capital bank, issued upon United States bonds and unresponsive to the chill of hard times or the exultation of boom days. Its use, the experts say, to unrestricted loans and speculation in the days when money was easy, and to a hoarding of resources and a tightening of the purse strings of credit when they were hard. It is said to have bred the panic of 1907, when solvent banks with large credits in reserve and central reserve cities were helpless.

Under the new system the Federal reserve notes, which in time, probably will entirely replace the National bank notes, now so familiar, will be issued on commercial paper arising out of actual business transactions. It seems plain that they will rise and fall in amount as the tides of business rise and fall and that there will be no plethora of money to lie idle. They will be obligations of the United States government, which National bank notes are not, and will have back of them a large reserve of gold in the regional banks. Through them the reserve banks are expected to come to the aid of any needy member bank which has plenty of good paper but needs cash.

To insure the flow of money reserve banks themselves may be required to rediscount paper of other reserve banks. More than \$250,000,000 of the new notes have been ordered by the con-

Family Wrecked by War.
Grass Valley, Cal.—Four sons killed in a battle, the mother a suicide and the father insane, is the fate of the family of S. Neuberger, of this place, according to a letter just received from Germany. The young men answered the first call to arms and fell about the same time in one of the early battles of the European war. When the news of their deaths reached home, the mother committed suicide and the father became insane, and now wanders over the country, placing flowers on every hillock, thinking it a grave.

German Submarine Sunk.
London—The Petit Calaisien says that a French torpedo boat entered Dunkirk harbor Friday and reported that it had sunk a German submarine in the Channel. The French boat was attacked by the submarine off West-ende. The French commander sighted the periscope and rammed and sank the submarine.

troller of the currency for the 12 banks. They are to be accepted by all member banks and for all customs, taxes or other dues.

Next to the elasticity of the new currency, officials value the "mobilization" but not concentration of vast sums from country banks in reserve cities and central reserve cities as under the National banking act, but their appearance in large part on the debit balances of the 12 reserve banks in widely scattered parts of the country. These reserves will be as near as possible to the door of the member banks to which they belong in times of need and there can be no refusal from a reserve bank to return them in cases of exigency.

A remnant of the present system still remains in the provision by which banks may keep a certain proportion of their reserves with other member banks in cities now known as reserve and central reserve cities. At the end of three years, however, that will be changed and all reserves will be held either in a bank's own vaults or with a Federal bank. The 12 banks will start out with a total cash reserve of about \$243,000,000.

Another point not forgotten by admirers of the law is the fact that the different reserve requirements will release about \$464,000,000 now tied up in reserves and will afford far greater opportunity for a borrower to get a hearing and a loan.

The reserve banks are not to do a banking business except with member banks.

Russians Fiercely Fighting Kaiser in East Germany

London—German forces which were forced to retreat into East Prussia from Russian Poland have placed heavy artillery in all defiles to the east of Mazurian lakes, where a new terrific battle is in progress along a front of 150 miles forming a wide curve from Stalluponen, in the Northwest, through Goldap and Kruglaken to Soldau in the Southwest.

The Russians are vigorously carrying out an enveloping movement. The Germans consider their position impregnable and believe they will check the enemy's advance, according to a dispatch from Petrograd by way of Paris, which adds:

"Throughout all Prussia railway passenger traffic has been suspended. The lines now are transporting only troops, apparently with a view to a new concentration which is said to have been decided upon by a recent council of the Austro-German general staff at Cracow. This council is reported to have decided to change completely the plan of battle."

California Gifts Go Soon.

San Francisco—December 1 is the day on which the California ship loaded with supplies for starving Belgians will sail. The cost of chartering a suitable vessel and of the insurance will be borne either by the London Relief commission or by the Rockefeller Foundation. Thursday's cash contributions here amounted to \$4375, making a total of \$117,174 subscribed thus far. Great quantities of beans, flour, provisions and other commodities also were received. It is believed the cargo will measure 5000 tons.

Scott Will Head Staff.

Washington, D. C.—Brigadier General Hugh Scott was selected by President Wilson Saturday to be chief of staff of the United States army on the retirement next week of Major General Wotnerspoon.

The vacancy of major general created by General Wotnerspoon's retirement will be filled by the nomination of Brigadier General Frederick F. Funston, now in command at Vera Cruz.

Lumber Orders Pour In.

Seattle, Wash.—Inquiries for 9,000,000 railroad ties and for 10,000,000 feet of large timbers received during the last 10 days have greatly stimulated the Northwestern lumber situation, and local exporters look for heavy cargo orders.

The inquiries come principally from the United Kingdom. The supply for England has heretofore been furnished in the Baltic.

WILL EVACUATE VERA CRUZ SOON

American Forces to Leave Mexico November 23rd.

Secretary Bryan Says Guarantee of Safety Is Obviated—Nuns and Priests Have Gone.

Washington, D. C.—Monday, November 23, was fixed as the date for the evacuation of Vera Cruz by the American forces. Secretary Bryan has issued this announcement:

"Both General Carranza and the convention at Aguas Calientes having given the assurances and guarantees we requested, it is the purpose of the administration to withdraw the troops of the United States from Vera Cruz on Monday, November 23.

"All the persons there for whose personal safety this government has made itself responsible have left the city. The priests and nuns who had taken refuge there, and for whose safety fears were entertained, are now on their way to this country."

This statement was given out after a long conference between Mr. Bryan and President Wilson. It apparently was received with surprise in some official quarters. The general understanding has been that the evacuation might be delayed indefinitely pending reports on the alignment of the various Mexican chiefs in the latest civil war now in progress. Secretary Bryan declined to add to the formal announcement, saying details would be made public by the War department. Secretary Garrison had nothing to say, and to just what authority the report of Vera Cruz would be delivered was not made plain.

It has been assumed, however, that as the United States throughout the Mexican difficulties has dealt with the authorities actually in control of territory involved, the city would be turned over to an agent of General Carranza, probably General Candido Aguilar, commanding the constitutional forces in the state of Vera Cruz.

So far as is known, there has been no final decision as to when and whom the more than a million dollars of Mexican customs moneys now held by the United States shall be paid. Both Carranza and the Aguas Calientes convention have given guarantees that customs duties collected at Vera Cruz will not be reimposed. In view of the complications which might arise, however, in the event Carranza were driven from power by Villa's army supporting General Gutierrez, the convention's new provisional president, it has been suggested that payment of the money might be withheld pending a clarification of the situation.

French Pay \$182,000,000.

Bordeaux—The cost of war to France in October was \$182,154,504, a daily average of more than \$6,000,000. The daily average for the first three months of the war was \$7,000,000. The government will disburse immediately \$13,000,000 for repairs to the railroad system. These probably have been made necessary by the wear and tear due to the transportation of troops. The sum of \$1,314,000 has been set aside for the relief of the unemployed. Various sums will be used to relieve localities invaded by the Germans.

Seafight Site Unmarked.

Washington, D. C.—Eduardo Suarez, Chilean ambassador here, is informed by his government that Chilean ships sent out to search had not found the slightest trace of the Monmouth or the Good Hope, the British cruisers reported lost in the recent sea fight with a German fleet off the coast of Chile. On their return to Valparaiso the vessels reported that they had searched carefully over the zone of battle without finding a bit of wreckage.

NEWS NOTES OF CURRENT WEEK

Resume of World's Important Events Told in Brief.

Ecuador is admonished by the allies to maintain a strict neutrality.

A wildcat which has slain 37 goats in Linn county, Oregon, has been killed.

Belgians abroad have subscribed a fund of \$3,000,000 to aid their stricken brothers.

It is rumored among shipping firms in London that the German cruiser Karlsruhe has been cornered.

It is said 70,000 alien enemies are in the British empire and are causing much trouble to that government.

Japan's ire is stirred by a demand of China to evacuate Tsing Tau, just taken by the Japanese from the Germans.

The official newspaper of Berlin publishes a decree forbidding the export of leather, horse skins and calf skins, shoddy and tinplate.

Members of the Investment Bankers' association in session in Philadelphia declare the era of depression in the money market is past.

A storm of protest by women attending a council meeting in Tacoma, arose when a dairyman declared that "babies are cheaper than cows."

Washington government has decided to hold Vera Cruz for the present, and a guarantee of guarantees is now demanded of the tangled Mexican government.

Passengers who were on the British steamship Vandeyk when she was captured off the coast of Brazil October 26 by the German cruiser Karlsruhe are being brought to New York.

The German authorities again recommend that all English subjects—women, children and girls under 17, clergymen, doctors and other men over 55 years of age—leave Germany.

A dispatch received at Montevideo from Valparaiso, Chile, says that the Japanese squadron seen recently off Easter Island in the Pacific by a merchant vessel consisted of eight vessels.

The London admiralty announces that in the absence of further information, the loss of the British cruisers Good Hope and Monmouth in the naval engagement off the coast of Chile with the German squadron on November 1, is now "officially presumed."

Field Marshal Lord Roberts, of Kandahar, is going to France. The official announcement making this fact public says the famous general is going into the war zone "to see the Indian troops." Lord Roberts was born in Cawnpore, India, 82 years ago.

Meyer Waldeck, who commanded the German forces at Tsing Tau, according to a dispatch from Tsing Tau to the Asahi, has sent a telegram to Emperor William saying he was compelled to surrender on account of lack of ammunition and the heavy damage inflicted by the enemy on his forts.

Advices from Constantinople say the Ottoman army still lacks 700 officers, and that the authorities at Berlin were requested to supply them. Berlin replied that it would be impossible to send all Germans, but would supplement them with Austrians, who would travel to Constantinople individually as civilians.

The "blue sky law" passes in California, after an early apparent defeat.

England repeats call to all voters to declare their attitude on enlistment in the army or navy.

A Portland, Or., banker predicts better times by spring "in spite of handicaps caused by unwise and freak legislation."

The idle of Belgium is told to go to work by the German governor under penalty that all charitable organizations feeding them, will be dissolved.

The German cruiser Emden, forced to run ashore by an Australian warship, had destroyed 23 merchantmen and other small vessels before she was finally captured.

Reports received in Berlin from Copenhagen set forth that the Russian government is protesting to Pekin against the concentration of troops on the Manchurian frontier.

General Villa in command of 15,000 men, is said to be marching from the north on Mexico City, ostensibly to oust Carranza who has an army of 40,000 to resist the attack.

The Sheik-ul-Islam, head of the hierarchy in Turkey, has prepared an announcement to all Mohammedans in which he declares that every Mohammedan fighting on the side of Great Britain, France and Russia is not a warrior but a murderer, and liable to religious punishment.

An Amsterdam dispatch to the Reuter Telegram company in London, says that the Dutch newspapers confirm the statement that Germany is transferring cavalry and artillery from the western to the eastern frontier.

A heavy snow has fallen in the Vosges mountains and the Black forest. The Germans are said to have had difficulty in removing their reserve field artillery from defensive positions on the heights into the valleys. Their removal is considered in some quarters to indicate that the army is preparing for a retreat.

Great Britain to Levy War Tax on Beer and Tea

London—David Lloyd George, chancellor of the exchequer in the house of commons, Wednesday estimated that the cost of the war for one year for this country would be £450,000,000 (\$2,250,000,000), the largest amount England has ever spent on a war, and more than twice what was spent in the four years' conflict in South Africa.

To pay this enormous bill the government had decided, he said, to raise a loan of £350,000,000 (\$1,750,000,000), which would be issued at 95, bear interest at the rate of 3 1/2 per cent, and be redeemable at par March 1, 1928.

The chancellor proposed and the house unanimously supported him, that the income tax should be doubled, but only collected on one-third of the income this year; that an extra half penny (one cent) per half pint should be levied on beer, and an extra three pence (six cents) per pound on tea.

He explained that the expenditure on the British troops would be higher in proportion than that of any other country in the world, as the pay and the cost of the army and navy were greater; there were separate allowances to the men and their families, and pensions were on a larger scale. Already 2,000,000 were serving and another 1,000,000 were in the course of enlistment.

Mr. Lloyd George said the government also had decided for the present not to tax the wages of classes not paying the income tax.

He said it scarcely was realized that 2,000,000 men now were serving the country under arms, and he confidently expected this number would be increased in the next few months to 3,000,000 men, which, he added, would entail the payment of separation allowances amounting to £75,000,000 a year. Incidentally the chancellor of the exchequer estimated that a full year of the war would cost at least £450,000,000. This is infinitely greater than the cost of any war in which Great Britain ever has been engaged. The largest amount ever before spent on war in a single year was £71,000,000.

Foot and Mouth Disease Halted at Spokane Yards

Washington, D. C.—The department of Agriculture was advised by telegraph Wednesday that a shipment of cattle from Chicago had been held up at Spokane because of the discovery of foot and mouth disease. The representatives of the bureau of animal industry at Spokane reported that this shipment had been quarantined and would be held under observation and that precautions had been taken to prevent spread of the disease.

In view of this announcement, the department will not place a Federal quarantine on the State of Washington unless it is discovered later that the disease is spreading from Spokane.

To date the Federal and state governments have spent approximately \$750,000 in the campaign against the livestock foot and mouth epidemic. Of this about \$400,000 has been borne by the Federal government, almost exhausting the available funds of the department of Agriculture. On reports from field inspectors that an outbreak of the disease had occurred in the state of Washington and in the District of Columbia, department officials have prepared to place the affected areas under quarantine. Action was withheld, however, pending receipt of more definite information.

University President Bars Belgian Benefit Effort

San Francisco—Refusal of Benjamin Ide Wheeler, president of the University of California, to permit the use of the Greek theater of that institution for a concert to be held for the benefit of the Belgian relief fund that is being raised in San Francisco, Oakland and other bay cities, has caused much comment on the part of those who were interested in the Belgian relief fund, and particularly on the part of some of the regents of the university.

Arrangements for the concert were well under way before the telegraphed refusal of the president of the university to permit the use of the theater was received.

The fact that the use of the theater had been refused was made public in a report made by Mrs. Mark L. Requa, chairman of the executive committee of the Belgian relief fund. The report said President Wheeler's denial of the request was received from the East.

Britain Accepts Germans.

London—Replying to a question in the house of commons, Reginald McKenna, the home secretary, said he had granted certificates of naturalization to Baron Bruno Schroeder and Julius Rittershausen, of the firm of J. H. Schroeder & Co., bankers, after war had been declared and after satisfying himself that it was in the public interest to do so. Mr. Schroeder has a son in the German army and the board of aldermen of the city of London had protested against the granting of naturalization to the father.

Belgian Relief Ship In.

The Hague—The steamer Tremorvah, the first Belgian relief ship from the American continent has arrived at Rotterdam. The Tremorvah sailed from Halifax October 28, carrying 3500 tons of flour, potatoes, cheese and canned goods, the gift of the people of Nova Scotia.

SAYS WAR MAY BE SHORTENED

Premier Asquith Assures Parliament of Success.

All But 100,000 Men of 1,186,000 Authorized Are Under Arms—Aid of Antwerp Defended.

London—In a speech delivered in the house of commons Thursday after the opening of parliament, Premier Asquith declared that he doubted whether the war would last as long as some people originally predicted, but that it would last long was certain.

"However, the longer it lasts," continued the premier, "the more the great resources and strength which the empire possesses will be available to fill the gaps, to replace the losses and maintain our position."

"The empire is on trial and the experiences of the last three months have inspired us with the confident hope that the longer the trial lasts the more clearly will we emerge from it as the champions of a just cause."

Mr. Asquith expressed warm appreciation of the support which the government had received from all parties.

England is engaged in an unprecedented contest, he said, and regarding the justice of her share in this there is no difference of opinion in any part of the empire. The country has gone through much, has learned much, has seen her troops hold a position of difficulty and danger, the premier continued, and he added:

"Today we see them in a position in which, in conjunction with our allies, France and Belgium, they have frustrated absolutely and defeated the first designs of the German emperor."

Regarding the sending of British marines to Antwerp just before the fall of that city, the premier intimated that Winston Spencer Churchill, first lord of the admiralty, subsequently would make a more detailed statement, but he said at once that the responsibility for the expedition was shared by the government as a whole.

Russian Army Pushing Toward Eastern Prussia

London—Dispatches from Petrograd say the general headquarters has announced that the Russian forces are approaching the region around Lake Mazourie in East Prussia and that battles raging in the vicinity of Goldap, Mlaw and Soldau and around Cracow and Przemysl are progressing favorably for the Russians.

The only claim of success in the eastern war zone made in Berlin dispatches is the rout of a Russian battalion in Russian Poland by a detachment of German cavalry.

The Russian dispatches declare that the invasion of Germany is now an actuality, the German report of driving back the invaders notwithstanding.

The Russians report capturing, during the recent campaign in Poland, the German Generals Von Makenge, commander of the 17th Army Corps, and Liebert, commander at Lodz during the German occupation of that city.

Far Away Alaska Feels Effects of European War

Proof that the war ravaging Europe has an echo in remote parts of the world is shown in its effect upon Nome, Alaska. In this far Northern town the fur market is paralyzed and many residents have left to enlist in the armies of their native countries.

This is the report of affairs brought to Portland by Mr. and Mrs. C. E. Darling, of Nome.

Most prominent among the reservists who have gone from Nome is Lord William Percy, son of the duke of Northumberland. He was in research work in the Arctic region when word reached him of the war. He immediately made his way to Nome and there offered the owners of small boats \$6000 to take him to Seattle. They refused because of the risk, and Lord Percy was forced to wait until the regular boat arrived. To join the Grenadier Guards, of which regiment he is an officer, this nobleman made a journey of more than 12,000 miles.

Though the gold output was greater about Nome this year than it has been for many years past, and business conditions are encouraging there for this reason, the market for furs, ivory and whale oil has dropped out of sight.

Way to Holland Blocked.

Sas Van Gent, Holland—German engineers Thursday dynamited bridges across the Leopold canal at Dalgerhoeke, Stroobridge, St. Laurent, St. Jean and Watervliet, all places in the northwestern part of East Flanders, near the Dutch frontier. The Germans also threw a number of large trees across the roads leading to the Holland frontier.

In this way the flight of peasants, which recommenced on November 8, is made impossible and West Flanders is entirely cut off from the world.

German Officer Loss Big.

Paris—A Havas Agency dispatch from Petrograd says: "It is estimated here that during the recent fighting in East Prussia the Germans lost 70 per cent of their officers. From October 23 to November 5 the total Russian captures amounted to 323 officers, 21,750 soldiers, four mortars, 52 cannon 52 quickfiring and a large amount of munitions of war, including a quantity of provisions."