

CRISIS CONFRONTS SAN FRANCISCO

Labor on Strike and Money is Tight

RETRENCHING ALL ALONG LINE

Constantly Rising Wages Hamper Builders.

BANKERS RESTRICT CREDIT

Serious Condition Follows Loss of Financial Independence Which Resulted From Earthquake. Trade Paralyzed by Strikes.

SAN FRANCISCO, May 21.—(Special.)—Since the fire and earthquake of April, 1906, conditions in San Francisco have been unsettled, and the sensational events of the last few months have not been conducive to the restoration of a normal situation. Occurrences of the last few weeks have greatly aggravated an already delicate state of affairs. The wide sweep of the graft investigation, now nearing completion, the disturbances incident to the street strike, the complexity of the industrial situation, the threatened cessation of work on several buildings and the tightening of the money market have brought about dispondit to retrench, at least for a time, in conservative quarters. The effect has been to cause apprehension as to industrial and financial conditions.

While in some quarters there is a disposition to regard matters as extremely grave, the general impression prevails that the ills which beset the city are passing in their nature and not likely to continue long.

Lost Financial Independence.

Rudolph Spreckels stated to your correspondent today that he did not believe there was any cause for alarm. He said there had been too ready a disposition to exaggerate. Naturally the industrial and financial situation are interdependent. The basic cause of the financial changes may be traced back to the big fire. Before that time San Francisco was financially independent. It was not a borrowing city. On the contrary, its banks had large balances in Eastern cities, particularly in New York.

With the fire, however, San Francisco lost its financial independence. The destruction of property worth \$400,000,000 was responsible for this. Having lost its financial independence, it has been incumbent upon large investors here to borrow in other cities. San Francisco institutions have never been in the outside markets for loans and New York financial institutions, at this moment pressed for money on their own account, are not disposed to make loans in San Francisco. As a result, there has been a heavy demand upon local banks for money.

The result of this has naturally resulted in a tightening of the money market. Before the fire, loans on good security could be secured at 6 per cent and by well-known investors for 5 per cent. These loans are now being called in and new loans made at 7 and 8 per cent.

Why Money Market Tightens.

A further factor in the financial situation has been the vast amount of rebuilding. All of the large contractors have been heavy borrowers and right here is where the industrial and financial situations have crossed. Here is an example of conditions:

Smith, who is a contractor, begins the erection of a building to cost \$100,000; he explains his plans to his banker and is able to negotiate a loan of \$50,000. When his building is half completed the stone masons strike. There is delay. Then the electricians strike. Labor is scarce and the contractor must pay the price. His steel does not arrive. Thus confronted with unexpected trouble, he finds that his building will cost \$125,000 more. The banker must extend the credit or lose his original loan. After a while the same thing is repeated and the banker must advance another \$25,000. In the end the banker has made a loan of \$100,000 on a building which does not greatly exceed in normal times \$100,000 in value.

Retrenchment All Along Line.

There was but one way to meet the situation, and the bankers adopted it. They decided to cut down their loans. The effect of this course was to bring about a measure of retrenchment and in turn an inability to meet the increasing demands of labor. That is where the situation stands at this moment. There have been new requests for increased wages and instead of the usual assent there have been refusals. This is the case not only in the building trades, but in all lines of industry. Deadlocks have resulted with their paralyzing effect upon trade.

Discussions Among Citizens.

Complications other than the basic ones noted above have entered into the situation. Patrick Calhoun of the United Railroads and William A. Herrin are interested in newly formed schemes which call for a citizens' committee to take charge of municipal affairs. Rudolph Spreckels and Francis J. Heney have opposed all these schemes and the merchants and business men have been inclined

to ally themselves with the so-called citizens' movement.

NO ELISOR IN SCHMITZ CASE

Dunne Lets Sheriff Summon Jury. Denies Charge of Judge.

SAN FRANCISCO, May 21.—Unless the present intentions of the prosecution are changed, an Elisor will not have any part in the selection of the jury which will try Mayor Eugene E. Schmitz on the five grand jury charges of extortion (with the assistance and by the connivance of Boss Ruel) of money from keepers of local French restaurants. This determination was expressed in a ruling by Judge Dunne today, when he discharged from service all of the talesmen remaining over from the late Ruel verdict and gave into the hands of Sheriff O'Neill the summoning of a new venire of 50, returnable at 10 A. M. tomorrow morning.

Whether it is the intention of the prosecution to ask the court to order Schmitz into custody pending his trial is not known. Assistant District Attorney Heney has stated to the court that there is no such present intention, but it is gathered from interviews with various members of the prosecution that this may be done a little later. Judge Dunne today denied the motion



John E. Redmond, M. P., Leader of Irish Nationalists, who Rejected Irish Council Bill.

of the defense for the substitution of trial judge, which motion was supported by an affidavit charging that Judge Dunne is biased and prejudiced against Schmitz and that Rudolph Spreckels and those who are associated with him as financial guarantors of the bribery graft investigation and prosecution are carrying out a conspiracy to deprive the present municipal administration in order themselves to assume the government and secure valuable railway and water franchises. In contradiction of these charges the prosecution filed counter-affidavits denying any ulterior motives. It is expected that the impaneling of a jury will be begun tomorrow.

The largest crowd that has thus far been attracted by any of the proceedings was in attendance. Not only was the courtroom crowded to its utmost capacity, but scores of people stood on the benches in order to catch a glimpse of the defendants and lost no incident of the proceedings.

TEARS MOVE THE JUDGE

Judge Morris feelingly offered to allow Judge Benson's attorney to make an argument for him, and put off the final hearing indefinitely. Benson is accused of advising a client to violate a legal contract and aiding him in dodging the law.

SEATTLE, Wash., May 21.—(Special.)

—Ex-Superior Court Judge E. D. Benson, accused of practices that mean his disbarment if proven, pleaded with tears in his eyes before Judge Morris today that the charges be dismissed and he be allowed to retire from the practice of law with a clean record. "I do not own a single law book, and I will sooner chop wood for a living than practice law again," pleaded Judge Benson. "Why should you, as man to man, enter such an order if you arrive at that conclusion when this case is all gone? My name has been heralded abroad and as much harm as is possible has been done. It does not seem to me that an order forever barring me from practicing law is necessary. I have stood enough."

NEW FOREST GUARDS IN OREGON.

OREGONIAN NEWS BUREAU, Washington, May 21.—W. L. Donnelly and C. L. Hearson have been appointed forest guards on the Blue Mountain National forest and Joseph A. Harris has been appointed forest guard on the Innah National forest, Oregon.

FRANK TALK BY HENEY'S BACKER

Spreckels Gives Reason for Action

COMMITTEE OF 7 "BUTTS IN"

Danger in Permitting Board to Resign Office.

NO DESIRE FOR CONTROL

San Francisco Millionaire Says No One Is Authorized to Blow His Horn—Explains Why Committee and Prosecution Parted.

SAN FRANCISCO, May 21.—Rudolph Spreckels, who occupies a prominent place in the prosecution of municipal corruption in this city, defined his position in the peculiar condition of affairs arising from the "graft" investigation and the reasons which constrained the prosecution from co-operating with the late "Committee of Seven."

Asked by the Associated Press whether the editorial statements published locally to the effect that the Committee of Seven was endeavoring by its interference in municipal affairs to snatch the fruits of victory from Rudolph Spreckels, represented his sentiments, he replied: "I do not need anybody to blow my horn, nor do I thank any one for trying to do it. These editorial utterances, despite any opinion to the contrary, were made without my knowledge, consequently they must have been without my consent."

Composed of Good Men.

"As far as the Committee of Seven is concerned, I have this to say: The committee is—or was—composed of men of fine standing in the community. No one will impugn their motives; but it is perfectly apparent that they, even though without their knowledge, were selected by corporate interests; and they were appointed by Mayor Schmitz.

"Now I and my assistants have our hands full in prosecuting lawyers and crafters. That is enough for any set of men to undertake. We are not concerned at the present time with the duties which the Committee of Seven felt itself called upon to execute. We did not ask them to confer with us. But when the committee called upon Mr. Heney and he told them frankly that he did not see why they, representing a body of men who had made no effort to hold up my hands in the initial or later stages of the bribery

graft investigation, should at this time but in with a demand that we permit the Supervisors to resign.

To Head Off Schmitz.

"The resignation at this time of the Supervisors, 15 of them self-confessed bribe-takers, would mean the appointment by Mayor Schmitz of a new board, which would be of course in accord with any plans he might desire to carry out. I need not suggest what such plans might be. "It was the intention of the committee of seven, as announced to us when the conference I speak of was sought, to secure the consent of the prosecution to the removal of the Board of Public Works, the police committee and the Board of Supervisors, whether by resignation or otherwise. I made it very plain to the committee that it was our belief that the committee was created through the Mayor by the United Railroads and Mr. Herrin, and that we could have no dealing with it.

"It is certainly true that the situation now existing in San Francisco demands relief through a change of municipal officers. But I myself, am concerned only with the carrying out of the investigation and prosecution of graft and bribery.

Denies Wanting Control.

"The charge that I seek to control the politics of the city or to administer municipal affairs, is absolutely false. My sole endeavor and my sole purpose is to clean out the corruption that has infested all forms of municipal life, and thereafter to formulate and put into effect a system of municipal espionage and control which shall make at least improbable the resumption of those vices which we are now trying to stamp out.

"It is true that we are keeping the Board of Supervisors, the majority of their self-confessed bribe-takers, in office. We are doing this not by way of political control, but for the purpose of preventing the Mayor from naming a new board which would carry out his orders and nullify to a great extent our efforts for permanent reform."

On the statements made by Mr. Spreckels, President Calhoun, of the United Railroads, dictated the following interview: "The action of the Board of Supervisors in regard to the forfeiture of the franchise of the United Railroads is a part of the actual influence that caused the Board to adopt the resolution threatening to forfeit the line of the Geary Street Railway. Both of these resolutions were passed with the view of aiding the striking carmen and in furtherance of the political plot to gain possession of this fall-through a new labor party to be formed—of the municipal government."

"Mr. Spreckels and his associates cannot escape the responsibility for the declaration of the confessed criminals who compose the Board of Supervisors. When Mr. Spreckels and his associates gave these criminals immunity they guaranteed that these criminals would be good dogs to do their bidding. The prosecution cannot now treat these puppets as independent officials. They have said that they are dogs to do the bidding of Mr. Spreckels and his confederates, and now the masters must be responsible for the bite of the dog."

Asked to Forego Closed Shop.

DENVER, May 21.—Alderman Kenehan, acting for Mayor Speer, and Max Morris, of the American Federation of Labor, tonight prevailed upon the striking millmen and carpenters to forego their demand of the former for a closed shop and meet the mill-owners tomorrow for the purpose of settling the differences of the millmen. The carpenters are on strike in sympathy with the millmen.

FOUR FORM FIELD TO DEFEAT TAFT

Fairbanks, Knox, Cannon in Open

LARGE CROP OF FAVORITE SONS

Pennsylvania Will Spring Boom for Knox Next Month.

ANTI-ROOSEVELT SCHEMES

Speaker Hobnobs With Standpatters, Who Fear Tariff Revision—Big Interests Try to Smother Taft With Many Political Rivals.

WASHINGTON, May 21.—(Special.)

Four candidates for the Presidential nomination now have burst from the chrysalis stage and are attracting attention in the East. It is Taft against the field, as the East sees it. The three occupying the field who so far have spread their wings are Fairbanks, of Indiana; Knox, of Pennsylvania, and Cannon, of Illinois. The list could be made larger, of course, if it were to include all who have been mentioned or who are likely to be in the field before convention times; but it is held down to those who at present have some real impetus back of their booms.

Cannon Getting Acquainted.

"Uncle Joe" Cannon's conspicuousness in the East, so to speak, during the last few days, has aroused much speculation among the politicians. They see a good motive in the "getting acquainted" conference with Governor Hughes at Albany and yesterday's visit to the headquarters of the Protective Tariff League in New York City, which has suffered a great scare over a renewed report that President Roosevelt may get busy with the tariff revision question in his message to Congress next winter, as well as over the prospect of concessions to Germany, even if the general subject is not tackled.

Mr. Cannon is expected in Washington tomorrow, after seeing his daughter off for Europe from the metropolis, and some of his Congressional cronies are awaiting his coming in anticipation of some heart-to-heart talks on the Presidential situation. Senator Hemenway of Indiana, who has the Fairbanks boom in charge in his state, is one of "Uncle Joe's" particular political companions and is waiting at the capital for him. The good feeling that exists between the Fairbanks and the Cannon boom and boomers is one

of the striking features of the situation at this stage.

The newest thing in the way of a boom to excite lively interest is the Knox movement, at present confined to the State of Pennsylvania, but which is expected by its managers to make headway in New England after it is formally launched at the state convention at Harrisburg, June 6. Senator Knox will be endorsed for the Presidential nomination at that time and there also is likely to be some interesting action in connection with the platform adopted on the same occasion.

Administration and anti-administration circles are looking forward to the Keystone convention with equal interest, the former with desire to know whether there will be a declaration for the Roosevelt principles broader than mere endorsement of the President, and the latter with hope that the platform will be so adroitly worded as not to commit the state uncompromisingly to a "candidate of the Roosevelt type."

Anti-Spring Favorite Sons.

Everybody has an eye to what may happen in connection with the re-



Augustus Birrell, Chief Secretary for Ireland and Author of Irish Council Bill.

spective state delegations when favorite son candidacies dissolve, as some of them must soon after the balloting begins, if there is not a majority for some one to start with. If anyone has a majority of the delegates to go in with, it will be Taft, the way things stand at present. If he falls short the fighting will begin. It is very significant to find all those who want to prevent the nomination of any candidate supposed to have the vigorous backing of the administration encouraging the favorite son movements whenever they appear. At the same time it is amusing to observe how every candidate who bobs up is declared to be a man who is or has been in accord with the general Roosevelt policies.

Robert Vanants Supreme Regent.

NEW YORK, May 21.—Robert Vanants of Chicago was today elected supreme regent of the supreme council of the Royal Arcanum.

Irish convention condemns Irish Council bill.

Irish convention condemns Irish Council bill. Page 4.

Odeon mob avenges murdered police by assault on Jews. Page 2.

Revelation begins in Salvador. Page 4.

Eye witness says negro soldiers did Brownsville shooting. Page 7.

Presidential race is Taft against the field. Page 1.

Difficulties about Oklahoma election. Page 5.

Secretary Root points the moral of corporation and land-fraud exposures. Page 2.

Majority of Manufacturers' Association for tariff revision. Page 4.

Five persons burned to death on lake steamer. Page 7.

Presbyterian Assembly to have field day on liquor question. Page 5.

Negroes shoot at lynching mob and deadly revenge is taken. Page 4.

Pittsburg rises against public utilities monopoly. Page 4.

Earling says St. Paul road to Coast will go ahead and be finished this year. Page 5.

Strikes and financial stringency cause serious crisis in San Francisco. Page 1.

Rudolph Spreckels answers Calhoun. Page 1.

Schmitz trial will be held by Judge Dunne. Page 1.

Another venue called to get Haywood jury. Page 2.

Witness in Idaho land-fraud trial tells how he was paid for use of timber right. Page 6.

Harriman makes no reply to fight for opening Portland gateway. Page 6.

Pendleton woolgrowers plan to protect themselves against a combine of the bidders. Page 6.

The Weather.

YESTERDAY'S—Maximum temperature, 70 degrees; minimum, 45 degrees.

TODAY'S—Showers, possibly with thunder; westerly winds.

Portland and Vicinity.

Thomas C. Devlin writes open letter to John M. Gearin demanding proof of charges made in Army speech. Page 10.

Portland sadly in need of some good hotels. Page 10.

G. A. R. Veterans announce Memorial Day programme. Page 11.

Warm weather draws many idlers to Plaza block. Page 12.

Half-brother of General Lew Wallace goes to Poofarm. Page 16.

Knights of Pythias meet in annual session. Page 12.

Boys' and Girls' Aid Society closes year of successful work. Page 10.

Spirit of harmony at monthly dinner of Commercial Club. Page 13.

Commercial and Marine.

High opening prices on California asparagus. Page 17.

Sharp advance in wheat at Chicago. Page 17.

Heavy unloading of stocks at lower prices. Page 17.

NEGROES DEFEND COLORED BROTHER

Deadly Volley Greeted White Posse.

VENGEANCE SWIFTLY FOLLOWS

Mob Shoots Woman and Son as They Flee for Lives.

ONE WHITE MAN KILLED

Avengers of Assault on Woman Find Negro Family Can Shoot Straight. Mob Takes the Prisoners Away From the Officers.

CLAXTON, Ga., May 21.—Two negroes

lynched, one white man and two negroes dead, and seven other persons injured, is the result of an attempt to capture a negro, who last night attempted a criminal assault upon Mrs. Laura Moore, a widow living near Manassa.

The dead:

John Hare, white farmer.

Sam Padgett, negro, and daughter, aged 10 years.

Lynched:

Padgett's wife and son.

Injured: W. J. Pierson, shot in stomach and arm, probably fatally; James U. Daniel, shot in eye, may die; Dr. J. L. Kennedy, serious; son of Padgett, serious; Plem Padgett, colored; two daughters of Padgett.

Fifteen persons early today surrounded the house of Sam Padgett, a negro, whom they suspected of harboring a negro who had criminally assaulted Mrs. Moore, and demanded to be allowed to search the house. Permission was given, but when crowd was within 20 feet of the house those inside the building open fire on the posse, instantly killing John Hare and seriously wounding Barlow Pearson, James Daniel and Dr. J. L. Kennedy.

The posse then returned the fire, killing Padgett and one of his daughters, aged 10, wounding two other girls, aged 8 and 12, and two of Padgett's sons, aged 20 and 22.

The posse then retired for reinforcements. The news spread rapidly and by 10 o'clock 500 armed men were on the scene and started in pursuit of the negroes, who had escaped. One of them was captured and taken before Mrs. Moore, but she failed to identify him. The negro, however, was identified as the man who shot Hare and he was started for the Reidsville jail, together with Padgett's wife and son.

On the way the officers were overtaken by about 75 men, who took the prisoners from them. The woman was told to run and she did so and was riddled with bullets, her son being shot to pieces where he stood. The negro who assaulted Mrs. Moore has not been captured, but it is reported that he is surrounded and that in all probability he has been killed.

TURN THINGS UPSIDE DOWN

MAYOR BUSSE TRANSFERS TENDERLOIN POLICE.

Chicago's New Executive Carries Out Pre-election Promises to Enforce Existing Laws.

CHICAGO, May 21.—Mayor Busse in an attempt to renovate the "tenderloin" district of Chicago, today made the most sweeping change ever made in the local police department. He transferred the entire police force of the district from captain down, embracing 240 men, to other parts of the city and appointed other men. It had been charged that the police in the district had countenanced violation of the law. The move was hailed with acclaim by reformers, but the Mayor non-plussed other reformers by a flat-footed statement that, considering Chicago's large foreign population, he would not attempt to enforce the Sunday saloon closing law unless forced to do so by the courts.

THE DAY'S DEATH RECORD

Founder of Foresters Dead.

CHICAGO, May 21.—William Wolf, an old settler in Chicago and one of the organizers of the Catholic Order of Foresters, died of pneumonia last night at the age of 67. He was born in Devonshire, England, and after serving nine years in the English navy came to America in 1861. In May, 1884, he, with William Thomas, organized the Foresters, which now numbers 127,000 members.

Eight-Hour Strike in Santiago.

SANTIAGO, Cuba, May 21.—A general strike for an eight-hour day, instigated by the longshoremen and supported by the workmen upon the electric railway, new waterworks, Cuban railroads and many smaller concerns, has been declared here.

The Chamber of Commerce has called a meeting to devise ways and means to transact business which in the meantime is paralyzed. The strikers are orderly.

THE STRAW HAT—"LADIES AND GENTLEMEN, I'M THE NEXT THING ON THE PROGRAMME"

