

McAdoo Establishes Precedent by Exacting 2 Per Cent on Active Funds.

AVERAGE BALANCE TAKEN

Secretary Declares if Any Bank Is Disposed to Surrender Its Account, There Are Plenty to Take Its Place.

WASHINGTON, April 86 .- The fiscal system of the United States governing deposits of Federal funds in National banks was revolutionized today by Sec retary McAdoo of the Treasury Depart nen with an announcement that all Government depositaries, whether active or inactive, would be required to pay interest at the rate of 2 per cent er annum beginning June 3 on de posits of the Government.

Simultaneously with this action the Secretary authorized an Immediate inbrease of \$18,006,000 in Government deposits in the National banks, making the total \$52,649,964, from which the Federal Treasury will earn under the new interest order \$1,053,000 annually.

More Surplus to Be Released,

There are indications that Secretary McAdon intends to release still more from the Treasury vaults and place it in general circulation through increased deposits with the National banks.

In a statement tonight he said: "With the banks paying interest on Government deposits the Secretary may be justified in keeping larger balances in the National banks, thereby increasing the volume of money in circulation, and to that extent reducing the mount locked up in the Treasury.

Local Banks Acceptable.

Mr. McAdoo also indicated a radical change in the character of securities which the Treasury Department would accept for Government deposits. Instead of requiring that the National banks secure Treasury deposits exelusively with United States or Provincial Government bonds they will be allowed in future to secure 76 per cent with Government bonds and the remaining 30 per cent with high-class state, city or county bonds, acceptable to the Secretary of the Treasury to be taken as security at 75 per cent of their market value, but not to excee

This is the first time in history that the Treasury Department has called on the banks to pay interest on what are known as active deposits, or accepted except in periods of financial stress, security other than Government bonds.

Active Depositaries Affected. Active depositaries are those which

conduct a checking account for the Government, cashing checks of the dis bursing officers and replenishing their authorized Government deposits from customs and internal revenue receipts Proposed Law Most Rigid of deposited with them. There are 900 inctive depositaries, each holding \$1000 of Government funds. On these deposits which are not disturbed by checking accounts, the Government has drawn i per cent interest for the last five years These are the only Government accounts which ever have earned interest

No Trouble Expected. The House committee on expenditures in the Treasury Department at the last session investigated the question and recommended that the Secretary of the Treasury be required to

charge interest for the use of the Gov-

ernment's money. ecretary McAdoo declared tonight he did not expect any serious resistance on the part of the banks to the new

Willing to take it up.

The 2 per cent interest charge will he based on the average monthly balfor gardening purposes or otherwise. ances of the Government's account in each depositary, payable January 1 and July 1 of each year. The \$10,000,000 today ordered transferred from the treas-ury vaults to the National banks will be distributed over the country.

Further Deposits May Follow. The free balance in the general fund, including money in the United States Treasury and in the National bank depositaries, amounted at the heginains of business today to \$141.025,263. Of this \$72,791,405, which will now be decreased by \$10,000,000, constituted the working balance of the Government,

or money lying idle in the vauits of the treasury or sub-treasuries. Treasury experts estimate that the minimum on which the Government can transact its daily business is \$15,-990,000 and that a substantial portion of the working balance can with ease

DIVORCE SUIT IS DECIDED

Beatrice Gadsby Granted Decree and Husband Gets Right to Visit Child.

SALEM, Or., April 30.—Special.)—
Beutrice Gadsby is given a decree of divorce from Walter M. Gadsby and alimony of \$35 a month, while Mr. Gadsby is given the privilege of visiting the child of the union once a month, in an opinion handed down by the Superme Court today, the opinion being

m an opinion handed down by the Supreme Court today, the opinion being written by Chief Justice MeBride.

The case is appealed from Multnomah County, Walter Gadsby and Neille Gadsby being the respondents, Neille Gadsby being Walter Gadsby's mother, she having property interests involved in the case.

There

colonies of Japanese farmers have been spreaded. The case is appealed from Multipomenha County, Waiter Gadsby and Neille Gadsby being the respondents, mother, she having property interests involved in the case.

Fairview Road Ordered Opened.

FAIRVIEW, Or., April 30.—(Special.)—At least something will be done to open the Fairview road to the Columbia River, even if it be not done immediately. Notices have been served on Jack Luscher, manager of the Sun Diak Juscher, manager of the Sun Diak Luscher, manager of the Sun Diak



CALIFORNIA IS READY

Any Yet Proposed.

EFFECTIVE CHECKS GIVEN

Leasing to Non-Eligible Aliens Absolutely Prohibited, and Lands Now Held Cannot Be Bequeathed to Aliens.

(Continued From First Page.) If any bank was disposed to the citizen owner of the land. It is surrender its account by reason of the held that this section of the act will order, he said, there were many others be absolutely prohibitory upon all leases of agricultural lands, whether

Thompson Outlines Theory. Briefly, according to Senator Thompon, who has made a thorough study of the bill, the theory is as follows: "Only citizens and those eligible to

"Only citizens and those eligible to become citizens may be proprietors of land. They may employ Japanese and Chinese if they desire, but they cannot lease or otherwise give such aliens an interest or share in their proprietors ship.

"Such land as is now held by Japanese and Chinese cannot be bequeathed to their alien heirs. It must be sold, "The practical result will be that all further acquisition will be prevented, leasing colonies will be exterminated, and at the end of the present generation, most of the land now held by Japanese and Chinese will be owned by citizens. Thus the whole problem is solved without hardship or indignity to ditizense is the keynote of the keynote of the webb bill," he said, "and if it is determined by the courts of last resort that these aliens could become citizens, then of course they would be affected by these acts.

"However, up to this time it never has been suggested that the Japanese were eligible to citizenship and the language of the Federal statutes seem clear on this point.

"T wish to make it plain, especially the care and custedy of the minor child.

"T wish to make it plain, especially to the proposed law are general in character. They do not single out the Japanese or any other nation, but relate to the races, not naming them that are made by the laws of the Unitative distincts of last resort termined by the courts of last resort termined by the feeted by these acts.

"They practical result will be that all anguage of the Federal statutes seem

to anyone. Bryan to Visit Colonies. Secretary of State Bryan, who came

Secretary of State Bryan, who came all the way from Washington to protest the passage of an alien land law by the California Legislature, has read and listened to many arguments since he came to Sacramento, but the best argument of all, in the belief of Governor Johnson, is yet to be presented. Tomorrow morning, before the Spring sun is too high, the Secretary will be taken for a spin in the Governor's au-tomobile to the towns of Florin and Walnut Grove, a dozen miles distant from the capital, where two typical colonies of Japanese farmers have been started



ABOVE, SECRETARY OF STATE BRYAN PRESENTED WITH FLOWERS.
GOVERNOR JOHNSON, OF CALIFORNIA, AT RIGHT. CENTER, LEFT,
BRYAN AND JOHNSON AT SPEAKER'S DESK IN LEGISLATURE;
RIGHT, LEGISLATURE IN SESSION LISTENING TO BRYAN, BELOW,
BRYAN, GOVERNOR JOHNSON AND LIEUTENANT-GOVERNOR A. J.

eligibility to citizenship of the Japa-nese and Chinese is the keynote of the Webb bill," he said, "and if it is de-

Henry Shoell Tries Suicide.

Pollowing several spells of despondency, Henry Shoel, 69 years old, a widower, attempted to take his life Tuesday night about 7 o'clock. He fired four shots into his head from a revolver, but none of the wounds are serious. Shoel lives at 428 Roselawn avenue with his son and daughter, neither of whom were present when the suicide attempt occurred. He is at Good Samaritan Hospital.

William J. Luther Dies.

SPRINGFIELD, Or., April 20.—(Special.)—William J. Luther, a prominent citizen of this city, was buried in the Laurel Grove Cemetery today, having died in a hospital at Eugene Sunday after an operation, peritonitis having set in afterward. Mr. Luther was past 33 years old. He leaves a wife and several children. He was engaged in the shoe business and owned some business property on Main street.

mented on the question that has been raised as to the possible eligibility of the Japanese to citizenship in the United States.

"Substantially it is true that the in-

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the high school students in the annual presentation Friday and Saturday evenings of "The Ulster," a comedy.

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