

NEUTRALITY RULES FRAMED FOR CANAL

Hospitality to Belligerents Is
Strictly Limited; Fighting
Ships Kept Apart.

AIRCRAFT ARE RESTRICTED

Repair Facilities to Be Used Only
in Cases of Strict Necessity.
Commanders Must Take Oath
They Will Obey Rules.

WASHINGTON, Nov. 15.—President Wilson's proclamation intended to safeguard the neutrality of the Panama Canal Zone, just completed and made public, extends the prohibitions to aircraft, public or private, of belligerent powers, which are forbidden to rise from or descend upon canal zone territory or "to pass through the air-spaces above" the land or water of the zone. It also extends the prohibitions of the wireless telegraph by belligerent vessels within zone jurisdiction except on business in connection with the canal.

Accompanying the proclamation is an agreement between the state department and the minister from Panama, E. A. Morales, concluded October 10. It provides that hospitality extended in the waters of the Panama republic to a vessel in its service of a belligerent power shall serve to deprive such vessel of like hospitality in the Panama canal zone for a period of three months and vice versa.

Troops Must Not Disembark.
Belligerent powers are forbidden by the proclamation to embark or disembark troops, war munitions or warlike materials in the zone, except in case of necessity due to accident. Belligerent vessels are not to remain in the canal zone territorial waters longer than 24 hours at a time except when in distress, and the said requirement of 24 hours between departures of opposing belligerent ships is retained. Only in case of actual distress and to make a vessel seaworthy may the United States repair facilities and docks be used by belligerent ships, and the work must be done speedily under supervision of the United States.

Except by special arrangement, there shall not be at any one time more than three war vessels of any one nation, including those of allies, in the territorial waters or more than three such vessels in transit through the canal, or more than six at one time in all the territorial waters of the zone.

Belligerents Kept Apart.
When opposing belligerent ships are simultaneously present, the 24-hour rule of departure must be observed between them, order of departure to be determined by order of arrival, except where circumstances make extensions of stay permissible. A belligerent vessel must not leave within 24 hours after departure of an adversary's private vessel.

The proclamation defines a warship as a public armed vessel commanded by a duly commissioned government officer with a crew under regular naval discipline, the vessel being qualified by armament and personnel to take offensive action against the enemy's public or private ships. Except as to hospital ships, the same treatment is to be given every vessel, belligerent or neutral, armed or not, that does not fall under this definition. It is employed by a belligerent power as transport, fleet auxiliary or otherwise to aid hostilities.

Passage through the canal is to be accorded only on sworn assurances by commander of observance of rules. Belligerent ships are not to revictual nor take on coal except as may be strictly necessary. Prizes of war are to be governed by the same rules.

FEDERAL BANKS ARE OPEN

(Continued From First Page.)

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 the discounted paper of other reserve banks.

More than \$250,000,000 of the new notes have been ordered by the Controller of the Currency for the 12 banks. They are to be accepted by all member banks and for all customs, taxes or other dues.

"Mobilization" Not Concentration.
Next to the elasticity of the new currency, officials value the "mobilization" but not concentration of reserves which it will insure. This, they point out, does not mean the 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 bank 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 \$245,000,000.

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 borrowing to get a hearing and a loan.

Banking Powers Limited.
The reserve banks are not to do a banking business except with member banks. They are empowered, however, to engage in open market transactions in the buying or selling of cable transfers and bankers' bills of acceptance, including buying and selling of bonds or notes of the United States, paper issued in anticipation of the collection of taxes or assured revenues of any state or political subdivision in the continental United States. The banks are to establish, subject to ap-

proval of the Reserve Board, rates of discount to be charged for each class of paper. They may also, with the Board's consent, open and maintain banking accounts in foreign countries for the purchase or collection of bills of exchange.

In the future the clearings of the banks of the country are expected to be made through these regional banks, which may in time lead to the abolition of many clearing-house associations. Clearings which involve banks in widely separated parts of the country probably will be made with much greater rapidity through new banks than through ordinary commercial channels.

Saving of Time Will Be Great.
It has been estimated that through this saving of time alone the use of hundreds of millions of dollars for many days will be saved.

In time the new system will retire the 2 per cent United States bonds now

FACTS ABOUT NEW BANKING SYSTEM INAUGURATED TODAY.

Twelve Federal reserve banks will open their doors. They will be situated at New York, Boston, Philadelphia, Richmond, Atlanta, Cleveland, Chicago, Minneapolis, St. Louis, Kansas City, Dallas and San Francisco.

Their entrance into the field of discount will mark the first great change in the banking system of this country in the last 50 years, since the National bank was conceived and called into being after the Civil War.

For the present the operations of the banks will be limited largely to the rediscounting of notes, drafts and bills of exchange. As experience is gained steps to have them exercise other powers under the currency act will be taken.

The system begins with 7571 member banks. Their authorized capital is put at \$105,735,600, of which one-sixth has been called and is in their vaults. The exact figures for the cash reserves of the banks have not yet been accurately computed, but the estimate puts the amount at close to \$250,000,000.

The reserve banks begin operations at a time when members of the board feel that there is an excellent opportunity to test the value of the system. Their ability to rediscount paper is counted on as one of the means to the redemption of the National bank notes, provide machinery for caring for crops and generally meet business needs.

LAST VODKA LINE LONG

RUSSIANS BY THOUSANDS WAIT IN
SNOW FOR LIQUOR.

Men, Women and Children of Petro-
grad Stand From Early Morning
to Lay in Final "Wet" Supply.

PETROGRAD, via London, Nov. 14.—Thousands of men, women and children have stood since 4 o'clock this morning in a driving snow storm before the doors of the liquor shops on this last day on which it is possible to purchase light wine and beer under the prohibition act of the Russian government, which on Monday becomes absolute.

Applicants for a final supply of beverages came with baskets, sacks, carts and wheelbarrows, many having pawned their last belongings to procure means to buy.

This final prohibition act is the last of three distinct liquor reforms, the first curtailing the sale of vodka and the second abolishing it absolutely. The third measure extends the prohibition to every form of alcoholic drink in all portions of the empire under martial law. Cities included under the prohibition are Odessa, Riga, Warsaw, Moscow, Kiev and virtually all cities of Western Russia.

As Carl Biebrau in his work on the campaign of Napoleon in Russia in 1812 has shown, it was not the cold that demanded the greatest sacrifices in human lives. Napoleon lost 200,000 men on his advance into Russia and only 100,000 on his retreat. It was also

GERMANS COUNT ON WINTER TO AID THEM

Field Trenches Impossible; Ice
Facilitates Advance of
Kaiser's Armies.

SWAMPS LOSE TERRORS

Greatest Obstacle to Movement Into
Czar's Dominions Declared Re-
moved by Generals De-
cember and January.

BERLIN, Nov. 4.—(Correspondence of the Associated Press.)—The prospect of a winter campaign in Russia presents no terrors to the German military writers, now dealing with the problem of a long continuance of the war.

Far from expecting a repetition of Napoleon's disastrous experience in the Moscow campaign, they look on the great Corsican conqueror, General December and General January, as allies, who will remove for them two of the greatest obstacles to operations against the Russians, namely, the transportation problem and that of overcoming the natural defenses of the country—its swamps and rivers.

Trenches Made Impossible.
The expert of the Deutsche Tageszeitung points out, too, that the Russians, in order to stem the German advance, have relied largely on the trenchments laid out on a tremendous scale. Once the ground is solidly frozen the construction of such works for defense will be greatly facilitated.

"Every battle has demonstrated the value to the Russians of the trenches and other military field works," says the writer. "It has been difficult in all cases to take positions so protected, and the Russian successes have been mostly due to the laying out of fortified positions in the open field."

Important Factor Lost.

"With the ground frozen and no longer easily worked with pick and shovel, the laying out of earthworks will be made extremely difficult, and the Russians, whose forte from the times of Napoleon to Muden has laid in the defense of field fortifications, will thus lose the most important factor in the defensive tactics."

"Troops operating on the offensive must deal with the 'fifth element,' as Napoleon called the Russian swamps, which form the principal factors in the Russian defense lines, will then be covered with ice, permitting easy crossing everywhere."

Swedish King Proves Theory.
"The idea that Winter was the best season in which an attack on Russia might be made is that of a genial soldier of history, Charles XII. of Sweden, who afterwards demonstrated the correctness of his conclusion. He waited with his advance into Russia in 1707 until cold weather had set in, and after the rivers and swamps of Poland had been frozen over, he crossed the Vistula on December 29 and advanced rapidly as far as Wilna, where he intended to overtake the retreating Russians. The enemy, however, retreated again, and this winter campaign brought no result, because King Charles could not get the Russians to stand."

"Napoleon counted on the aid of Winter in his campaign in 1806, but the weather was against him. December of that year left the roads as soft as they had been in the Autumn, and the French were obliged to quarter themselves on the Poles and wait for cold weather. Frost finally came on February 1 and six days later the battle at Prussian-Eylau was fought. Napoleon, as well as King Charles, availed himself of the opportunity offered by harder roads and frozen rivers."

Both Armies Hampered.
"As Carl Biebrau in his work on the campaign of Napoleon in Russia in 1812 has shown, it was not the cold that demanded the greatest sacrifices in human lives. Napoleon lost 200,000 men on his advance into Russia and only 100,000 on his retreat. It was also

shown then that the Russians suffered as much from the cold as did the French and that both armies were hampered by the ice. Napoleon's retreat was due to a shortage of powder, only one-half of the quantity thought available being on hand. The supply services had failed altogether."

Major Morant, the military expert of

the Tageblatt, points out that railroads have also revolutionized conditions since Napoleon's time. Railroad construction now advances almost as fast as an army and to an army provided with half a dozen lines of steel leading back to its base, the problem of ammunition and food supply presents no difficulties, even in Russia.

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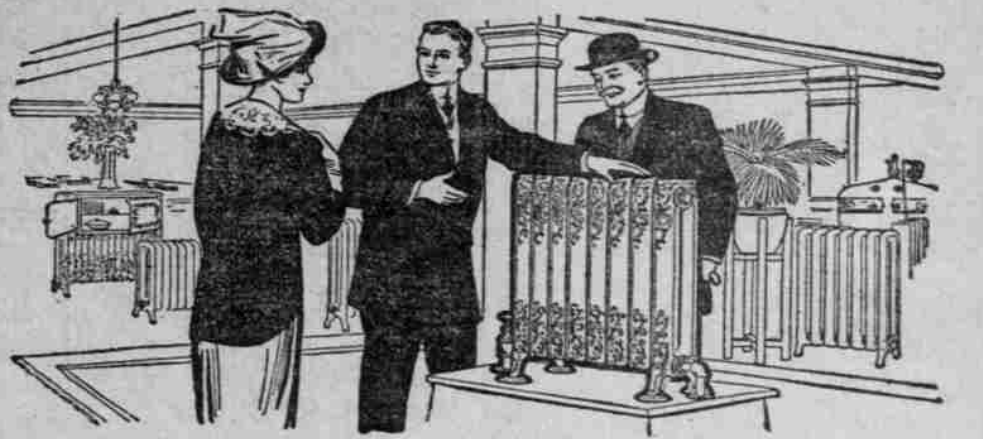
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Write Department N-12
816-22 S. Michigan Ave.
Chicago

ELECTRIC WARSHIP AIM

TO BE DRIVEN BY CURRENT.

United States First to Try Out Idea
and Future Naval Vessels May
Be Similarly Equipped.

WASHINGTON, Nov. 15.—The super-dreadnought California, one of the three huge new ships just ordered, will be driven by electric motors, Secretary Daniels authorized this type of power plant for the big fighter today on recommendation of Rear-Admiral Griffin, engineer-in-chief of the Navy. If it proves as great a success in the battleship as it has been in the naval officer Jupiter, Navy officers foresee the complete displacement of direct steam drive in future American warships.

The California, which will be built at the New York Navy Yard, will be the first electrically-driven warship ever built.

As in the Jupiter, the main power plant of the California will be steam turbines driving dynamos which will generate electricity to give the ship at least a speed of 21 knots an hour. The Jupiter far exceeded her speed requirements.

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Poslam Soap contains Poslam—the best medication any soap can have. Improves the skin's health, color, quality. Adv.

Lost Baggage Being Recovered.

WASHINGTON, Nov. 15.—The State Department is preparing to aid Americans who lost baggage in Germany or Austria at the beginning of the war. It was announced today that an effort would be made to recover and return baggage, if owners would mail receipts or other evidence of authority with descriptions of the missing trunks, to

American Consul-General Lay in Berlin through the Department.

Injured Carlisle Player Rests.

CHICAGO, Nov. 15.—"Pete" Welch, quarterback and former captain of the Carlisle Indian eleven, whose left cheekbone was fractured in the football game with Notre Dame yesterday, had a restful day in a hospital today and physicians said his condition appeared to be improving. In addition to the fractured cheekbone, there is a possible fracture of the base of the skull.

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POSAM IS USED**

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Poslam Soap contains Poslam—the best medication any soap can have. Improves the skin's health, color, quality. Adv.

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