

NAVY CURTAILMENT ACTION IS DEFERRED

Borah Resolution Up in Senate Committee.

SECRET SESSION IS HELD

Sentiment to Include France and Italy in Disarmament Negotiations Is Developed.

WASHINGTON, Jan. 3.—Reduction in world naval construction was taken up today by the senate foreign relations committee...

Britain's Action Forecast. Great Britain, the senator was reported to have said, should be expected to urge reduction of the French army...

Admiral Coontz, chief of naval operations, and his aides were the only witnesses today. Committee members said others would be called, but that there had been suggestion that Secretary Daniels be invited to appear...

Admiral Coontz, senators said, opposed the Borah resolution or any other plan based on a percentage reduction in building...

He said that the American building programme was the largest and the Japanese second, but that even with the completion of the Japanese programme Japan's navy would be only about half the strength of the American navy...

Data as to foreign navies was presented by Admiral Coontz. All principal powers, senators said, were informed, were spending considerable money to keep themselves informed on the navy and military activities of other nations.

GERMANY DELIVERS REPLY

French Told All Possible Has Been Done to Fulfill Spa Agreement.

PARIS, Jan. 3.—The German reply to the French disarmament note of December 31 was delivered to the French foreign office today.

The German note was said to be written generally in the spirit of its concluding paragraph, which read: "The government cannot suppose that one wished to ask the impossible of Germany in the Spa agreement."

SENATE VOTES DOWN VETO

(Continued From First Page.) Rhode Island, and Thomas, Colorado—and three republicans, Ekins and Sutherland of West Virginia and Kepes of New Hampshire...

Confidence Put in House.

Advocates of the bill, however, expressed confidence that the house also would vote to enact the bill. The house passed the bill 212 to 61, or much more than the necessary two-thirds majority.

Before the president's message reached the senate today, Senator Harrison, Democrat, Mississippi, an advocate of the legislation, criticized Secretary Houston, declaring that the treasury board's report to newspaper reporters, had advised a residential disapproval of the bill without indicating such opposition when Mr. Houston was before congressional committees.

Senator Edge issued a statement tonight declaring that the president's arguments against the bill were "absolutely unanswerable."

Wilson Message Made Public.

President Wilson's message vetoing the Gronna resolution to revive the war finance corporation was made public as follows:

"To the senate of the United States: I am returning without my signature S. J. Res. 212, joint resolution directing the war finance corporation to take certain action for the relief of the present depression in the agricultural sections of the country and other purposes."

"The joint resolution directs the revival of the activities of the war finance corporation. This corporation is a governmental agency. Its capital stock is owned entirely by the United States. It was created during hostilities for war purposes. The temporary powers which it is now proposed to revive were conferred in March, 1919, to assist if necessary in financing of exports. The general powers of the corporation expire six months after the termination of the war and the special powers with respect to the financing of exports expire one year after the termination of the war. While we are technically still in a state of war, it unquestionably was presumed, when this added power was granted, that peace would have been formally proclaimed before this time and that the limitation of one year would have expired."

Exports Are Discussed. "In May, 1920, in view of the fact that export trade had not been interrupted, but had greatly expanded, and that exports were being privately financed in large volumes, the war finance corporation, at the request of the secretary of the treasury and with my approval, suspended the making of advances."

WHAT CONGRESS DID AS ITS DAYS' WORK.

Senate, by a vote of 53 to 5, passed the war finance corporation revival measure over the president's veto.

Senator Edge offered a resolution calling for detailed information concerning conditions in the various European countries.

The immigration committee heard arguments on legislation designed to limit admission of aliens.

Reduction in naval armaments discussed by the foreign relations committee.

Admiral Coontz and Long giving the present strength and construction programmes.

A resolution introduced by Senator Harrison for the purpose of data concerning the furnishing of funds to the Kerensky government and subsequent financial relations with Russia.

Senator Thomas spoke in favor of making suitable reparations to Colombia for the loss of Panama.

Consideration of the bill to erect a government-controlled nitrate plant resumed.

House—Sundry civil bill taken up; to be passed today.

On the contrary, I apprehend that the resumption of the activities at this time would exert no beneficial influence on the situation in which improvement is sought; would raise false hopes and advantages cannot be secured without resort to government intervention.

False Hopes Are Feared. "On the contrary, I apprehend that the resumption of the activities at this time would exert no beneficial influence on the situation in which improvement is sought; would raise false hopes and advantages cannot be secured without resort to government intervention."

Way Declared Opened. "The way has been opened for added legitimate efforts to promote foreign trade. Financial agencies in aid of exports, privately financed, have already been planned to operate under the act approved December 24, 1919, authorizing the organization of banking corporations for foreign banking business. One corporation has been organized in the south and a second, of larger scope, is in course of development. These agencies may be expected to promptly and as liberally and helpfully as sound business conditions will permit. Through reliance of such enterprises, rather than through government intervention, may we expect to secure a return to stable business relations."

Exports Increase Reported. "Exports of domestic products have not declined since the armistice. On the contrary, they have greatly increased. From an average value before the war of less than \$2,500,000,000 and of about \$6,000,000,000 the last year of hostilities, they rose in the calendar year 1919 to more than \$7,000,000,000, and this figure will probably be exceeded for the last calendar year. For the first 11 months of last calendar year we exported more than \$7,500,000,000 worth of domestic merchandise. These have been largely privately financed. The difficulty in the way of still larger exports does not seem to lie so much in the lack of financial ability here as in Europe's lack of means to make payment. Her productive energies and the services which she renders have not yet reached a point where they balance the value of commodities taken from her and the credit facilities which business men would feel justified in taking is restricted. The experts of the Brussels conference reported that 'one of the chief obstacles to the granting of credits is the absence in borrowing countries of sufficient securities for ultimate repayment.'"

Solution Declared Difficult. "Until this obstacle is removed, it is difficult to see how materially larger exports to Europe are to be made even if exporters, aided or unaided by government finance, stand ready to do their part. It is remarkable that Europe is able to make an active demand for as large a volume of our goods as she is making. It is gratifying evidence of her recovery and her progress toward production and sounder financial conditions."

Under the law, if the activities of the corporation were resumed, no direct advances could be made to producers and, if they could be, they would not accomplish the objects in view. They would not create demand for our products. They could be made only to exporters or to banks engaged in financing exports and if they did in some measure create demand, the effect apparently most desired of substantially increasing those of agricultural commodities. Already, with the larger volume of exports which Europe is taking from us, she is exercising her option of taking a smaller volume of some of our principal agricultural products, such as meats, presumably because she herself has become more largely self-sufficient, or is again providing herself with supplies from distant countries which, with the opening up of shipping since the armistice, have once more found their place in the markets of the world."

More Taxes Held Possible. "It is highly probable that the most immediate and conspicuous effect of the resumption of the corporation's activities would be an effort on the part of exporters to shift the financing of their operations from ordinary commercial channels to the government. This would be unfortunate. It would continue the government as an active factor in ordinary business operations. If activities of any considerable magnitude resulted they would necessitate the imposition of additional taxes or further borrowing, either through the war finance corporation or by the treasury. In either case new burdens would be laid upon all the people. Further borrowing would in all likelihood tap the very sources which might otherwise be available for private enterprise. The government should be now compelled to reach to meet current obligations of the government. There is no question that the borrowing of the government should be limited to the minimum requirements, and that the government should not be called upon further to finance private business at public expense. To the extent that Europe is able to furnish additional securities, private financial institutions here will doubtless find means of giving the necessary accommodation."

Adjustment Held Distant. "We shall not witness an immediate satisfactory adjustment of domestic and international trade relations. The burdens of war are not lifted when the fighting ceases. One sad thing about war is that it leaves behind it a legacy of economic ills and of suffering from which there is no escape. Conditions, however, are improving both here and abroad. The difficulties with which we are now confronted are of small consequence in comparison with those which we have met and overcome."

Fuller restoration awaits the adoption of constructive measures of large consequence: The secure establishment of a just peace in the world, the cessation of fighting everywhere, the more complete resumption in Europe of the normal courses of industry, the return of her people to sounder fiscal and banking policies and the breaking down within her borders of harmful restrictions."

An Unrivaled Sale and a Wonderful Response

Yesterday our store was thronged with eager buyers in response to the announcement in the Sunday papers of our

Golden Anniversary Jubilee and Diamond Sale!

The first day's selling was indeed gratifying, running far beyond our most sanguine expectations. Today, with augmented sales force, we will endeavor to serve all who come to take advantage of the telling price reductions on our entire stock of diamonds, jewelry, watches, silverware, leather goods, etc.

Everything in the store is reduced, save only a few contract goods, on which the manufacturer permits no reduction.

20% Reduction on All Diamonds!

\$25 Diamond Rings \$18.50 \$ 75 Diamond Rings \$59.50 \$50 Diamond Rings \$38.50 \$100 Diamond Rings \$79.50

Visit This Diamond and Jewelry Store Now While This Jubilee Sale Is On!

FRIEDLANDER'S

1871-1921

310-312 Washington Street Between Fifth and Sixth Streets

corporation or by the treasury. In either case new burdens would be laid upon all the people. Further borrowing would in all likelihood tap the very sources which might otherwise be available for private enterprise. The government should be now compelled to reach to meet current obligations of the government. There is no question that the borrowing of the government should be limited to the minimum requirements, and that the government should not be called upon further to finance private business at public expense. To the extent that Europe is able to furnish additional securities, private financial institutions here will doubtless find means of giving the necessary accommodation."

Death Follows in Wake of Arrests for Drunkenness. SEATTLE, Wash., Jan. 3.—(Special)—Three men are dead at the public morgue, the result, according to physicians at the city hospital, of drinking "bootleg" whisky. All three had been arrested and taken to jail, but their condition was such that they were transferred to the hospital.

The dead are Edward Parsons, 56; R. S. Smith, 46 and Herman Hansen, 27. Smith was taken to the hospital December 28, and died at 4:30 o'clock yesterday morning.

Dr. E. A. Plum, at the city hospital, said the death of all three of these men was due to alcoholism. According to his version, they were all badly under the influence of intoxicating liquor, evidently of the bootleg variety. Whether there was any poisonous substance in what they had been drinking he would be unable to say, but it was doubtless whisky of a vile character.

An investigation is being made by police and coroner.

MINNESOTAN NO NATIVE

Woman's Reply at Citizenship Hearing Refutes Geography.

SEATTLE, Wash., Jan. 3.—(Special)—"Are you a native born citizen?" John Speed Smith, United States naturalization examiner in Seattle, asked Mrs. Mary A. Adams, a storekeeper at 1620 West Barton street, who testified before Judge

Allen today as witness on behalf of an applicant for citizenship. "No," responded the witness, "Minnesota."

Milwaukee's Richest Man Dies. MILWAUKEE, Jan. 4.—Ferdinand Schleichinger, capitalist, reputed to be Milwaukee's richest man, died today aboard a train en route to California.

S. & H. green stamps for cash. Holman Fuel Co. Main 351. 560-21. —Adv.

Brading, embroidery hemstitching Booth's, Morgan bldg.—Adv.

Rue de la Paix Chocolates Lipman Wolfe & Co. "Merchandise of Merit Only" Mail Orders Promptly Filled

Here Is an Announcement That Will Make Men Take Notice!

Our Great Entire Stock of MANHATTAN Shirts Reduced to HALF PRICE

Everything! Full Dress, Tuxedo and Every-Day-Wear Shirts



Down they go! Prices fall with a bang just when our stock is at its height of completeness—the most comprehensive showing in Portland.

FACT NO. 1—Corded madras, woven cloths, silk striped madras, famous Solway and pure silk fabrics.

FACT NO. 2—Shirts in all sizes and extra lengths, made as only Manhattan Shirts are made.

Manhattan

At Savings of 50c on a Dollar! Street Floor—Lipman, Wolfe & Co.

Allen today as witness on behalf of an applicant for citizenship. "No," responded the witness, "Minnesota."

Milwaukee's Richest Man Dies. MILWAUKEE, Jan. 4.—Ferdinand Schleichinger, capitalist, reputed to be Milwaukee's richest man, died today aboard a train en route to California.

S. & H. green stamps for cash. Holman Fuel Co. Main 351. 560-21. —Adv.

Brading, embroidery hemstitching Booth's, Morgan bldg.—Adv.



The "Flying Money" of Dim Cathay

LONG ago Marco Polo visited Cathay, as the Chinese Empire was known to medieval Europe. Fabulous tales he told of his travels and the wonders which he had seen. Much he marveled at the bank notes which in the poetical language of the Flowery Kingdom were called "flying money." He tells us these Chinese notes consisted of pieces of cotton paper about a palm in length and breadth upon which certain lines, resembling the seal of Mangu Khan, were printed.

THOMPSON'S Deep-Curve Lenses... THE SIGN OF PERFECT SERVICE... THOMPSON OPTICAL INSTITUTE... EYE-SIGHT SPECIALISTS... SAVE YOUR EYES... FIFTH AND HOBBSON Since 1908.

THE FIRST NATIONAL BANK OF PORTLAND OREGON... THE FIRST NATIONAL BANK WEST OF THE ROCKY MOUNTAINS... Imperial Hotel... Phil Matcham Manager

Templar The Superfine Small Car... Although the memory of Goodness lingers long after the price is forgotten, we simply must quote these prices: Club BREAKFASTS 50c to 75c Merchants' LUNCH 60c Table d'Hotel DINNER \$1.00... The custom made "cut" of the body has that charming individuality in keeping with the matchless performance of this finest of American small cars.

New Strength and Energy For the Weak and Aged... To be strong, vigorous and active you must have plenty of good, rich, red blood of the kind that organic iron—Nuxated Iron—helps make... NUXATED IRON For Red Blood, Strength and Endurance

FOR BURNING ECZEMA... Apply Zemo, the Clean, Antiseptic Liquid—Easy to Use—Does Not Stain... Greasy salves and ointments should not be applied if good clear skin is wanted. From any druggist for 35c, or \$1.00 for large size, get a bottle of Zemo...