SENATE FOR FARMER ON RESERVE BOARD

First Steps Taken by Passage of Bill, 63 to 9.

2 DEMOCRATS OPPOSED

Seven Republicans Line Up in Vote Against Amendment to Federal Bank Act.

WASHINGTON, D. C., Jan. 17.—The first step to bring about farmer representation on the federal reserve board was taken late today by the senate in the passage of the Kellogg-Smith compromise bill increasing the board's appointive membership from five to six and providing that the agricultural interests shall have a spokesman among them.

The vote was 63 to 9. Seven of those who opposed the proposition were republicans and two democrats. They were: Pomerene, Ohio, and Williams, Mississippi, democrats; Brandegee, Connecticut; Calder, New York; Edge, New Jersey; Keyes, New Hampshire; McLean, Connecticut; Moses, New Hampshire, and Wadsworth, New York, republicans.

Limited Designation Wiped Out.

By the bill, which constitutes an amendment to the federal reserve act, the limited designation of the law is wiped out and instead of the specific provision for the naming of two bankers on the board, the statute, if agreed to by the house, will direct president, in making appointments, to have "due regard to a fair representation of the financial, agricultural, industrial and commercial interests and geographical divisions of the country."

The measure also provides that hereafter no federal reserve bank may enter into a contract for banking homes if their cost is to exceed $250,000, unless the consent of congress is first given.

While the senate was moving slowly toward a vote, word was received that Mr. Harding would observe the intent of the legislation and would name the farmer member. He had previously indicated disapproval of the original proposal and the compromise resulted. Prior to the vote there were several hours of heated debate, in which Senator Glass, democrat, Virginia, ex-secretary of the treasury, and an author of the reserve act, defended the system and the board, and criticised Senator Heflin of Alabama, also a democrat, for the latter's frequent attacks on the board.

Senator McLean, republican, Connecticut, also defended the board, but assailed extensively those who, he said, were going ahead deliberately to "fool the farmers."

Opponents Lose Out.

Mr. Heflin declared a board which would permit orders to go out for the construction of a bank building like that proposed for the New York federal reserve bank, and which is to cost around $20,000,000, was "covered all over with suspicion of graft."

Opponents of the measure, led by Senator McLean, made an attempt to stave off its passage just before the final vote by moving to send it back to committee, but this was defeated, 52 to 17.

RUSSIAN AID AUTHORIZED

Surplus Army Medical Supplies to Be Used for Relief.

WASHINGTON, D. C., Jan. 17.—The senate today accepted the house substitute bill authorising President Harding to turn over surplus army medical supplies not exceeding $4,000,000 in value to relief organizations for distribution in the famine districts of Russia.

The bill now goes to the president.

HIGHWAY WORK ASSURED

(Continued From First Page.)

road between Walla Walla, Wash., and Pendleton, Or., is not a state road in Washington. Mr. Purcell announced that he is determined to recommend to his superiors at Washington, D. C., that the Umatilla-Wallula cutoff be designated, as this will give an interstate connection. He also informed the highway commissioners that the cutoff is on the programme of Washington state and that state will start building as soon as the Oregon commission approves the project.

Connection is made with Idaho on the east at Ontario, where the old Oregon trail and John Day highway converge.

On the south the California connection is uncertain. Oregon has built the Pacific highway to the state line and paved it almost all that distance, but there has been no sign that California intends making a primary road connection with the Pacific highway. Rumor has it that all California intends doing is to make a secondary road connection with Oregon's paved Pacific highway.

California Plans Hazy.

While The Dalles-California highway is designated as a primary road by Oregon, there is no information available to show that California will connect with it. A rumor is current, however, that California may build to Alturas, which would enable a connection to Lakeview, and this would make of great importance the road from Lakeview to Klamath Falls and Ashland.

California wants to build up the coast to Crescent City and toward Oregon on the Crescent City-Grants Pass highway, which is on the Oregon tentative map as a secondary road. The California plan, in this is correct, will not link up with the Roosevelt highway, but there is now a good road from Crescent City to Brookings, Or., the southern end of the Roosevelt highway.

However, California's plans and Washington's plans will be taken into consideration with the plans of Oregon by the secretary of agriculture before the primary roads "of interstate character" are approved by that official.

Co-operation Is Assured.

Agreement was reached with the federal representatives on a co-operative project for paving Sexton mountain section of the Pacific highway, on a basis of pavement 18 feet wide. Width requirements of the federal aid act being complied with, three sections on the Old Oregon trail were also agreed on.

Tillamook county was voted $35,000 to match a similar sum to grade and rock about five miles from the Clatsop line south on what will be a section of the Roosevelt highway. A request for an overhead crossing at Juno, in Tillamook, however, was postponed for the present as there is little traffic on the railroad.

Inquiry was raised as to whether the commission is willing to compromise the Polk county situation, but the commissioners unanimously agreed that they would stand pat on their determination that the place for the highway is from Monmouth south and not from Independence.

Bids Ordered Asked.

The commissioners ordered advertised for February letting the paving of Pacific highway between Albany and Tangent and the grading of the Camas valley section of the Roseburg-Coos Bay highway.

District Forester Cecil was asked if the forest department would put in $150,000 on the Trail-Prospect section of the Crater Lake road, the state co-operating with a like amount, the money to be used for grading and bridges. Mr. Cecil replied that it might be arranged if the state would stipulate in the contract not to ask further aid from the forest department for surfacing the road. The matter was tentatively settled with he understanding that the phraseology of the stipulation would be such that some time in the future the forest people could still co-operate if funds are available and the department sees fit.

FRANKLIN IS HONORED

WREATH PLACED ON HEAD OF STATUE IN NEW YORK.

Score of Organizations Join in Ceremony in Memory of Revolutionary Patriot.

NEW YORK, Jan. 17.—Benjamin Franklin, printer, inventor, diplomat, preacher and practicer of thrift and author of many a copybook maxim, was lauded today, the 216th anniversary of his birth, in ceremonies at his statue in city hall park.

A score of organizations laid wreaths at his feet and a ladder was placed against the broad Franklin shoulders so that the laurel might be put on his brow. A cord held in the right hand of the statue stretched across the park to a stationary kite, a symbol of the one that gave Franklin the big idea about electricity.

Some of the sound advice Franklin gave was quoted by speakers and the crowd was introduced to two of his several times great-grandsons, Arthur Duane and Franklin Bache Huntington.

The postoffice department, of which Mr. Franklin was postmaster-general at $1000 a year joined in the celebration, selling Mr. Huntington a treasury certificate as part of the "thrift week" programme.

The statue was illuminated tonight by searchlights.

PHILADELPHIA PAYS HONOR

Home Town of Exponent of Thrift Has Public Ceremony.

PHILADELPHIA, Jan. 17.—The anniversary of the birth of Benjamin Franklin, America's exponent of thrift, was honored today in this, his home town, in public ceremonies conducted by the Poor Richards club and the Ben Franklin club.

The day also marked the opening of national thrift week and the ceremonies stressed this phase of the character of the great American philosopher. Members of the two Philadelphia clubs made a pilgrimage to his grave, where their presidents placed a wreath upon the marble slab that covers it.

HOOVER CALLS MEETING

District Commerce Representatives to Discuss New Plans.

WASHINGTON, D. C., Jan. 17.—District representatives of the commerce department in 30 cities throughout the country have been called here for a three-day conference with Secretary Hoover, it was announced today at the department.

Reorganization changes made in the department, it was said, will be discussed with the district representatives with a view to working out plans for providing the most efficient service to American business through the co-operation of the district officers with the newly established divisions in the department. District offices are in Chicago, New York, San Francisco, Portland, Or., and 19 other cities.

IDAHO WOOL SOLD HERE

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benefits to be derived by the Washington men through shipping their crops to Portland. Following the speeches, according to Mr. Ward, there was a change of attitude regarding the Seattle proposition.

Statistics, showing that Portland already is an established wool market, were presented by Mr. Ward, and he pointed out that it would be little short of folly to attempt to establish anoher wool market for the small clip produced in Washington. He declared that the mills in the Portland district were now consuming 12,000,000 pounds of wool annually and that this is more than twice as much as the entire state of Washington annually produces. He added that the Washington wools are for the most part cross-bred clips which are used by mills in this district.

The Portland Chamber of Commerce held a dinner Monday night in honor of the Idaho wool men. C. C. Colt, vice-president of the First National bank, presided at the meeting.

The guests were Crawford Moore, John Van Deuzer, W. Scott Anderson, E. A. Van Sicklin and Harry M. Coon. A number of Portland men, interested in the wool business, attended the dinner.

646,673 Cars Idle.

WASHINGTON, D. C., Jan. 17.—The number of idle freight cars increased by 27,598 between January 1 and January 8, according to reports to the car service division of the American Railway association. On the latter date the number of idle cars was given as 646,673.

FIGHT AGAIN FACED ON STATE'S RIGHTS

Plan for U. S. Tax on City Bond Issues Is Cause.

PROBLEM IS BIG ONE

Question Also to Be Raised by Proposal for Federal Punishment for Lynching.

BY MARK SULLIVAN.

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WASHINGTON, D. C., Jan. 15.—(Special.)—The proposal to make bonds issued by states, cities, townships and villages subject to the federal income tax is going to revive what has been one of the oldest and most vital issues in American politics. It is anywhere from 10 years to half a generation since "states' rights" used to figure every day in the debates of congress. Most of the fights went against the states, and in the swift and drastic centralization of power at Washington that occurred during the war states' rights almost disappeared as a live issue.

At this moment, however, it is coming rapidly to the front, not only in connection with the project of putting a federal tax on state and other local bonds, but also in connection with the Dyer bill to make the crime of lynching a subject for federal action, together with the project for a federal department of education to have some kind of centralizing effect on public schools and other institutions now wholly under control of the states.

Tax Move Most Drastic.

Of all these movements, present and past, probably the most drastic proposed invasion of states' rights on the part of the federal government is the proposal to put federal restrictions on the power of the states to borrow money. The movement arises out of the income tax.

When the owner of a large fortune invests in the bonds of a private business corporation, he must pay from 25 to 50 per cent of his income in taxes. But when he invests in the bonds of the states, cities and villages, he need pay no income tax on the interest. The result has been that private business corporations, borrowing money, must pay roughly from 5½ to 7½ per cent, whereas cities and towns can borrow it at from 4 to 5 per cent. It follows necessarily that private corporations have difficulty in borrowing, while states and cities can borrow freely.

To get rid of this handicap against private business, there were two feasible remedies. One was to reduce the highest taxes on incomes to something like 30 per cent or less and thus to restore in the mind of the large investor something like equality of attractiveness between the bonds of private corporations and those of states and cities.

This was the remedy Harding proposed first. He recommended it in a letter to congress, but congress turned it down. Thereupon Harding, in his last address to congress, recommended that state and city bonds be made subject to federal taxation the same as the bonds of private business corporations. This could only be done by means of an amendment to the constitution of the United States, and it is to consider the advisability of such an amendment that the hearings are now being held.

Federal Revenues Affected.

It must be admitted that the present situation is not only hurtful to the federal government's revenue, but that it also has an indirect effect not widely noticed. It puts a premium on the municipal ownership of public utilities and promotes it greatly. Any given gas company or electric light company or telephone company must pay from 5½ to 7½ per cent for its borrowed money, whereas the same company, if turned over to the city government, can borrow its money at from 4½ to 5 per cent. The resulting stimulus to municipal ownership is readily apparent.

There still remains, of course, the alternative remedy that Harding first suggested, namely, a reduction of the higher surtaxes on large incomes to something like 25 per cent. The project for an amendment to the constitution by the act on of three-fourths of the states would take at least two years' time under the most favorable circumstances. And, as a matter of fact, the project would encounter the most stubborn opposition and revive the old states' rights issue in a vital form.

The Dyer bill authorizing the federal government to take cognizance of lynching and punish it in the federal courts has given rise to earnest debates in the lower house of congress.

It was initiated by the republicans to fulfill a platform promise, and the democrats claim it is put forward largely to make a republican appeal to the negro vote, which is so large as to be decisive in such doubtful states as Indiana and Ohio. Southern democrats say that lynching is already decreasing through the only sound means by which it can be decreased, namely, by the growth of local public sentiment against it. They say further than for the federal government to interfere would merely make the whole troublesome race question worse. Undoubtedly it is the view of persons who are most enlightened and free from partisan prejudice that the best hope for amelioration of the race question in its largest aspects lies in local treatment of it without the interference of force from the outside. The race question has grown steadily less troublesome in proportion as the federal government has receded from the use of force, which was a cardinal republican doctrine in the generation following the Civil war.

Butler Opposes Project.

The project for a federal bureau of education has been opposed by Nicholas Murray Butler, president of Columbia university, in words which include the following:

"In the United States, in flat defiance of all our proclaimed principles and ideals, we are building a series of bureaucracies that will put to shame the best efforts of the government of the czar of Russia in the heyday of its glory. The glories and the success of education in the United States are due to its freedom, to its reflection of the needs, the ambitions, the capacities of local communities, and to its being kept in close and constant touch with the people themselves."

All these related measures are reviving the old states' rights issue. Broadly speaking, it can be said that many thoughtful persons both within the administration and outside it hold strongly to the conviction that the present post-war period should be a time for diminishing rather than increasing the functions of the federal government.

BOSTON AFTER LUMBER

PLEA TO USE PORT TO BE SENT PACIFIC COAST.

Council Acts With Intent of Re-establishing Volume of Shipping Handled for New England.

BOSTON, Mass., Jan. 17.—(Special.)—An order requesting that Mayor Peters appoint a committee to induce Pacific coast lumbermen to distribute their lumber, billed throughout New England from the port of Boston, was voted by the city council.

The order, introduced and urged by Councilman Ford, provided that a commission, including the mayor, Mayor-Elect Curley, two members of the city council and the president of the chamber of commerce, co-operate with John N. Cole, state commissioner of public works, in his efforts to have Boston made the distributing point for the lumber in question.

In an effort to restore the port of Boston to its original activities, the mayor and the mayor-elect will get in communication immediately with the big lumber interests of the Pacific coast and endeavor to obtain their confidence in shipping their lumber via Boston. In doing so the mayor and the city council hope in time to make this port the largest on the Atlantic coast.

Wage Reduction Proposed.

BETHLEHEM, Pa., Jan. 17.—The proposal of the Lehigh Valley railroad for a reduction in the wages of its firemen and oilers will be submitted to the railroad labor board. This was decided today at a conference between representatives of the men and officials of the company, at which it was found impossible to reach a settlement.

TWO REHEARINGS ORDERED

ACTION ON HOMESTEAD EXEMPTION LAWS IS TAKEN.

Supreme Court Grants Appeals in Actions Originating in Multnomah County.

SALEM, Or., Jan. 17.—(Special.)—The Oregon supreme court, in an order handed down here today, granted rehearings in the case of Mary E. Leet, deceased, versus Bertha G. Barr and Henry Iltz versus Katherine Kreiger. These actions originated in Multnomah county, and involved the homestead exemption laws. In the case of Iltz versus Kreiger the plaintiff won in the lower court, while in the case of Leet versus Barr the defendant received a favorable verdict.

Both actions were appealed to the supreme court, with the result on November 29 the verdicts of the lower court were reversed. Petitions for rehearings subsequently were filed in the supreme court.

Other opinions handed down by the court today follow:

Nettie Saville versus R. E. Saville, appellant; appeal from Lane county; suit for divorce. Opinion by Justice McCourt. Judge G. F. Skipworth affirmed.

H. W. Nicholas, plaintiff and appellant, versus Yamhill county and Sheriff W. G. Henderson; appeal from Yamhill county; suit to restrain collection of special tax. Opinion by Justice McCourt. Judge H. H. Belt affirmed.

Charles F. Kleinschmidt versus Central Trust company, et al, appellants; appeal from Baker county; suit to enforce specific performance of an oral agreement. Opinion by Justice Harris. Judge Gustav Anderson reversed.

Cecil C. Carter, appellant, versus Simon Estate company; appeal from Coos county, suit to foreclose mortgage. Opinion by Chief Justice Burnett. Judge John F Coke affirmed.

John Larsen, et al, versus Bert Lootens appellant; appeal from Multnomah county; suit for rescission of exchange of properties. Opinion by Justice McBride. Judge George Tazwell affirmed.

C. R. Rieger, appellant, versus Anita L. Harrington; appeal from Multnomah county; suit for the purpose of having admeasured his alleged curtesy right of an estate. Opinion by Justice Brown. Judge Robert G. Morrow affirmed.

Richard Woolsey, appellant, versus M. I. Draper, et al; appeal from Malheur county. Petition for rehearing denied in opinion by Justice Rand.

A. E. Gantenbein, administrator of estate of C. E. Gantenbein, versus Joseph R Bowles, et al, appellants; appeal from Multnomah county; suit to subject funds of Willamette Building and Realty company to payment of corporate debt and for an accounting. Opinion by Justice Bean Judge H. H. Belt affirmed.

Case Against Hutton Dismissed.

MILWAUKEE, Wis., Jan. 17.—The case against R. P. Hutton, superintendent of the Anti-Saloon league, who was charged by ex-Judge Levi H. Bancroft with violating the corrupt practices act, was dismissed today on motion of the state, which said evidence was insufficient to obtain conviction.