

THE JOURNAL

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THE MERCHANTS' NATIONAL.

TOO MUCH talk, based on more rumor and unfounded guesses, was what downed the Merchants' National Bank. Somewhere from 1,000 to 10,000 people went around shaking their heads and looking wise and hinting or guessing, that the Merchants' was a weak financial brother, and the suspicion and doubt thus engendered spread, and people by hundreds and thousands, though without making any observable "run," slipped in and drew out their money, until the bank, not being able to realize immediately on its resources, had to give up temporarily.

Notwithstanding the suspension of the Merchants' bank, the Journal still maintains that there is no occasion for panic, or alarm, or suspicious foreboding in the local situation. If most people are about to go temporarily insane and insist on having their money all at once, in order to hide it and keep it out of circulation, why of course there will be trouble till they regain their senses; but we do not expect to see any more exhibitions of such insane and groundless fear.

As for that bank, it may be confidently expected, from the present outlook, that the prediction of its president, Mr. Watson, that it will not only liquidate in full but will be reworked, will be verified. It was not wrecked by a series of wildcat speculations and loans far beyond the value of securities, or on "wind," but by the peculiar and unexpected "stringency" that has pinched the whole country, and by the persistent false and unfounded rumors of which it was the victim.

THE CURRENCY PROBLEM.

REPRESENTATIVE FOWLER of New Jersey comes into prominence now because he is chairman of the house committee on banking and currency, and by reason of this position is looked upon as the natural leader in any scheme of currency reform or readjustment. Mr. Fowler not long ago expressed himself at some length upon the currency question, in substance as follows: "The cause of the currency stringency is that there is scattered broadcast throughout the country, at the mints, in the wheat, corn and cotton fields, in the pockets of the people or locked up, about \$1,300,000,000 of the reserve money of the United States, most of which, under a proper condition, would be in the banks, serving as a reserve. Temporary relief will be through the form of clearing house certificates, cashiers' checks and due bills of business houses and manufacturers during the ninety days. The permanent cure must come through a system of credit currency expanding and contracting with the ordinary demands of the smaller trade, precisely as checks and drafts do in the broader field of commerce. If the certificate reserves now scattered over the country were in the banks where they belong there would be no money panic. During four months \$200,000,000, \$250,000,000 of it returns to the country, which it

had remained in the banks would serve as a basis for \$1,250,000,000 of credits or loans, and this would have averted the panic, and this without increasing the banks' reserves or liabilities a dollar. If the banks in which the \$250,000,000 had been deposited had been authorized, as they should have been, to create bank note credits as well as bank book credits, and they had proceeded to convert this \$20,000,000 of bank book credits into bank note credits, the banks would not have been affected in any degree or in any way whatever and the whole country would have been amply supplied with currency with which to transact all the fall business. This could have been done by authorizing each bank to issue cashier's checks, payable to bearer, which is a current credit, that is, credit that passes by mere delivery, requiring no indorsement. An issue of credit currency adequate to meet the requirements of trade and currently redeemed in gold coin is a principle followed by every civilized country in the world except our own."

To this plan there will be various objections, of course, one being that voiced by Mr. Bryan, who contends that any "elastic" or "emergency" currency proposed by Fowler, McCleary, Aldrich and others is an "asset" currency, intended to give the bankers absolute control of the country's financial system and supply. Mr. Bryan says that "many thoughtful men believe that the present day panic was brought about for the purpose of forcing through congress an asset currency bill, thus giving to the financiers absolute control over the people's money"; and that "an asset currency is the thing for which the money trust has for years contended and one of the things it most desires. It will be a sorry day for the American people when they sleep so soundly as to permit these money gamblers to place upon the statute books such a measure as is contemplated by the American Bankers' association." An asset currency, it is contended, "would simply increase Wall street's control over the nation's finances. Such elasticity as is necessary should be controlled by the government, and not by the banks." The means suggested for government controlled elasticity are increasing and decreasing government deposits according to the needs of business; or it could provide for the temporary issue of treasury notes on government bonds whenever a holder of bonds is willing to surrender the interest; or it could issue treasury notes in any emergency.

It is a large question, and no doubt to the average member of congress a difficult one; and among such honest differences of opinion, not to speak of influences prompted by sinister or selfish motives, it is unlikely that congress will do anything of much benefit to the country.

CLEARING HOUSES.

THERE is a clearing house association, as millions of people are realizing more than ever before, in all the principal cities of the country, but the overtopping one of all in point of transactions handled is, of course, that of New York city, the clearings of which for the last four years were: 1903, \$65,970,337,955; 1904, \$68,649,418,672; 1905, \$93,822,060,201; 1906, \$104,675,828,656.

A clearing house, as has been demonstrated recently in many cities, is a tower of strength in a time of financial stringency or disturbance. It was in fact financial disasters that brought clearing houses into existence. The New York clearing house, the earliest one, was formed in 1853, with a membership of 52 banks. Under its system, and that of all other clearing houses, each bank instead of presenting separately to the other banks for payment such of their checks as it holds, and in its turn paying cash to all the other banks for such of its own checks as they hold, sends them all at a certain hour to the clearing house. Here all the checks are assorted, a clerk being present from each bank having a membership. The sum total of the checks each bank presents, compared with the sum total of the checks presented against it, gives a balance for which the clearing house draws its check, and transactions that would have taken many clerks and messengers a whole day to complete, are finished in an hour or a little more.

This system is very beneficial in economizing currency. Separate bank balances each day in cash would result in a vast amount of idle money. The clearing house settles all around by the use of from 3 1/2 to 4 per cent of the total amount of currency involved. But the clearing house also serves a very important function in such a time as the present in being in some measure an alliance of all the banks

which are members of it to preserve credit and maintain stability and resist a panic. This association of banks, while guarding the interests of each, is always on the alert to guard the financial interests of the public, and to prevent illegitimate methods of banking.

This, by the way, is by no means the first instance of the use of clearing house certificates. They were issued in some eastern cities in 1865, 1873, 1893 and 1897, and this action has been of great value to the communities in which, in times of financial stress, it was taken.

LETTERS FROM THE PEOPLE

RAILROAD TYRANNY.

Waldo, Nov. 10.—To the Editor of The Journal—The article of Fred C. Denton in your issue of the 6th is enough to cause the average American to sit up and think. His ideas of the "plotting of treason" and "railroad ownership of the government" by a few manipulators and railroad gamblers is well worth reading and careful consideration. I agree with him that these men are "breeding their own destruction" for the American people when they become so arrogant and self-righteous that they will protect themselves against the public vials by the unfair railroads as a means of revenge. It will be held in memory and dealt with accordingly.

If they would not have black slavery lawfully conducted in one corner of the land they would not have perpetuated a condition of white slavery all over the country in violation of all law and fairness; the methods of which are the heart of the matter. They are enslaving the honest toiling white men and women and demoralizing their children; they rob the toilers of the night for greed and avarice; they rob their children the superior opportunities of a dishonest life.

This element of degenerate men have no regard for the moral part of the attitude that they are willing that their own sons and daughters shall inherit the heart inebriated and unlawful rush for greed and avarice; even, if it must be of greeting each other through prison bars. Old honesty is being trampled upon; evidently they prefer to keep their children in the slow and like ways of honest riches. The railroad truly says "we can roll all over him whenever we please, and so we can."

I am sufficiently posted to be sure of my ground in offering remedies for railroad grievances of the present day as an offhand proposition I would suggest that the people compel the government to own, and run, and let the government own cars, and for a legitimate toll run these cars on these roads, and let the government own the rails and the rails should see fit to do the fair thing. When Mr. Edison's storage battery comes forward now in the near future, why not let every community have its own cars and be entitled by law to operate them on the rails? The government could do it cheaper than the extortionate rates charged by the railroads?

Of course government ownership of railroads is a fair and reasonable means much money though it is entirely feasible and profitable and has been so proven by the older nations. Buying the majority of the railroads has been suggested and since men of the Harriman stripe have so successfully pointed the way there ought not to be much difficulty.

For my own part I am of the opinion that the double tracks for toll would fully pay for the toll. The question of question and it would be a matter of the safety of human life among a lot of railroad men who will not put a better of the old organ to the new one. W. J. WIMER.

SHAKESPEARE AND THE OREGONIAN.

Portland, Nov. 11.—To the Editor of The Journal—On the front page of the Oregonian's Monday morning issue appeared the famous remark "Comparisons are odorous," which remark was credited to Mrs. Partington!

It would be kind to pass this without comment. We would like to do so, for the Oregonian evidently knows no better and it is well to be indulgent to ignorance. Were the statement found in the "Possum Trot Weekly" or the "Roundup Gazette" it might circulate unchallenged by us. But there is another organ in the city, the Oregonian, in town do sometimes read the Oregonian. And strangers, seeing Shakespeare's famous saying thus attributed to the editor of the Oregonian, dean of western letters, to (oh, mother!) Mrs. Partington—strangers, we fear, may go home and tell in Gath and Ramoth, and about the coast, "No, friends of the Oregonian staff, Mrs. Partington is not the original creator of the saying. You should read 'Much Ado About Nothing'."

It is an interesting play. We trust it would please, as it would certainly enlighten you. Its chief jewel is one Dogberry, who, in Act 3, gives utterance to the memorable words, "Comparisons are odorous." So are insinuations; and, besides, we wish to be kind. Therefore we will not say, as you might, that before you apply the canon to the word "odorous" you might be well to familiarize yourself with the greatest poets, the immortal "Willyum" of Stratford-on-Avon.

A READER.

Great Central Oregon.

From the Silver Lake Leader. In central Oregon there is a vast empire of good land as the sun ever shines upon, awaiting settlement and development. It embraces a territory larger in area than some states are commonly supposed to be. It is fertile, where cereals, fruits and vegetables grow to perfection. It embraces a territory where thousands of good homes can be had. It embraces a territory where mineral, agricultural and lumbering industries will in time flourish. It embraces a territory that has water power, that will be harnessed and put to use in the future. It embraces a territory which is developed will export more than is at present exported from the entire state. All central Oregon needs now is transportation facilities so as to open up this new Eldorado.

The Safe Way.

From the Washington Post. Live within your income. A panic cannot drive you to bankruptcy. Live beyond your income, and bankruptcy, with hideous men, may cross your path at any moment. As for credit, it is a blessing or a curse, as it is providently used or prodigally abused. It has made 10,000 fortunes and it has dissipated as many. The American people are not as thrifty as they should be. They produce so profusely that they waste with all too much prodigality. This luxury in Wall street at present is local; but any day, when speculation is greatest, it may sweep over the land. In 1873 and 1893 and force a liquidation universal. The best way to meet it is to spend less than you make. That is the only way to meet it and come out alive.

POSTAL REFORMS ADVOCATED BY MEN WHO KNOW

From Collier's. Fifteen hundred second, third and fourth class postmasters gathered in national convention at Washington on October 23 and discussed the needs of the postal service. They adopted resolutions urging the creation of a postal savings bank system, a general parcels post and a special service for rural delivery.

The chief opposition to the extension of the parcels post system, aside from the express companies, has come from the country merchants. Mr. Meyer proposes to disarm that opposition by offering the country dealer the great advantage of reduced rates on the trunk lines of delivery routes. That "would enable the farmer and the patron along the rural route to order supplies by telephone and have them delivered to their door, thereby increasing the consumption and in that way improving of the trade of the country."

To the bankers who object to postal savings banks the postmaster-general confides his intention, if the postal deposits in the national banks. Offering only two per cent interest, he would not compete with ordinary savings banks, but would tap a great stratum of now nearly useless money in the hands of immigrants who are "ignorant of our language and have no familiarity with our institutions, but who have absolute confidence in the government."

He would also accommodate great numbers of people who now have no means of banking within reach. The private savings banks in New York which save themselves besieged during the late panic by forcing their patrons to draw out their money, might have been very willing to turn over such deposits to Mr. Meyer.

Under the whole postal service, from the fourth-class postmasters to the postmaster-general—that is to say, the entire body of men having spent their lives in the conditions—united in favor of these reforms, the burden of proof is very heavy on the side of those who oppose them. It is on the side of the conditions—united in favor of these reforms, the burden of proof is very heavy on the side of those who oppose them. It is on the side of the conditions—united in favor of these reforms, the burden of proof is very heavy on the side of those who oppose them.

Postmaster-General Meyer, in an address to the convention, explained the ingenious devices by which he hoped to disarm most of the opposition to the proposed policies. Of course nothing would do but to have a parcels post express companies to a parcels post. But as far as the general parcels post was concerned, it already existed in principal and Mr. Meyer wanted "authority from congress to right an injustice to the American people" that of charging 20 cents a pound on domestic parcels and only 12 cents on parcels sent to foreign countries. This increasing the weight limit to 11 pounds would be doing only what we

Harney County and Harney County

By Ella Wheeler Wilcox. Are you a drinking man? A man who uses alcoholic drinks habitually? Are you a husband and father? If so, how do you reconcile yourself to the knowledge that you are lowering your hood, making your wife miserable and bringing shame upon your children?

Besides bringing shame, you are robbing them of their rightful inheritance of good health, good mental qualities and moral character. Many a child has been made making a study of the effect of drink on the children of drinking parents.

The following is a summary of the family histories of 3,771 children of 1,000 different families traced through three generations: 1,871 males, 1,900 females, 123 congenitally insane, 448 studies, 421 excellent, 981 fair, 2,290 dullards.

The personal attitude to drink: 66 per cent abstainers, 28 per cent beer drinkers, 6 per cent whiskey drinkers, 14 per cent beer and spirit drinkers. 2,713 had drinking parents, 2,771 had drinking grandparents, 2,530 had drinking parents and grandparents, 657 had abstaining parents and grandparents.

Of the children of drinking parents but not abstainers, 78 per cent were dullards; of the children of abstaining parents but drinking grandparents, 78 per cent were dullards; of the children of abstaining parents and abstaining grandparents, 4 per cent were dullards.

Bad Showing for Prohibition.

From the Kansas City Journal. "After months of investigation in Europe and the United States, I am astounded to find more drunkenness where prohibition prevails than where it does not."

The above remark was made to Chief David Bowen of the Kansas City, Kansas, police yesterday by the Rev. William Thomson of Dunedin, New Zealand. He is a member of the world's most famous temperance society, the "W. T. U." and has accumulated a vast deal of data and incidentally picked up conclusions of his own regarding the effect of prohibition districts all over the world.

"I find crime does not diminish with the lid on," said Mr. Thomson. "On the contrary, it increases, apparently through the innate stubbornness of human nature. There has never been a time in the history of the world when criminals could not be obtained. People have risen voluntarily and denied themselves strong beverages although they had not been prohibited by self-denial."

"I can not say I admire the prohibition idea," he said, "but I do not find Maine very wet with many alleys in the larger cities concealing open saloons or 'joints' as they are called here. I have seen business men of social rank drinking at the plain piano bars in these hidden saloons, with the great apparent enjoyment. Some of the men drinking there, I was told, had helped make the laws they were thus breaking."

"New Zealand, Mr. Thomson said, had had local option for years. There are a few towns where absolutely no strong drinks are sold. "There are no saloons in New Zealand," he said, "and the strong drink as it is not generally sold, is deemed as in this country," he said. "Every hostelry is provided with a bar and a license to sell. The law has always forbidden a person of unclean habits entering into the profession of bartender."

"Recently when the moderate party came into power, an anti-liquor movement was created. The policy of the party is now higher license and better control. The license for selling liquor in New Zealand is now \$400 a year."

No More Pyramiding.

From the Wall Street Journal. One thing has been pretty clearly established by the developments in New York banking—hereafter the clearing house will not permit the ownership of banks on borrowed money. In other words, the process of pyramiding banks must come to an end. A capitalist is not to be permitted to buy a bank, and then hypothecate the bank's stock for loans with which to purchase another bank, the securities of which are put up for loans with which to purchase another institution and so on, ad infinitum. If this thing is done, the banks must not expect to enjoy the privileges and protection of the clearing houses. Chains of financial institutions are one thing, but the creation of such chains by the process noted is quite another.

Small Change

It would take an exceedingly elastic currency to suit some bankers. No, Aderbert, a bar association is not an organization of bartenders.

When the campaign fund is low, General Apathy takes command. The Ute Indians continue to intimate they would rather fight than work.

Proper soap for balloons is, "I don't know where I am going, but I'm on the way." Nobody has yet attributed this curious Governor weather to Mr. Mulkey's calendar.

It cannot be expected that Rhode Island will get dry as long as it sends Wetmore to the senate. "Kaiser's health scares family," says a headline, but he was sick they would be serene, we suppose.

"Let everybody work," remarks a dictatorial exchange. Certainly, but everybody won't, all the same. In expressing his dis-illight at the results of the late elections, President Roosevelt did not especially mention Cleveland.

"The cow needs plenty of water," says the American farmer. "But if he doesn't get it, the milk can be watered just the same." A man who refused to eat anything but peanuts died, but this is nothing against goobers, used occasionally along with other grub.

"There was a big hop at the school-house," writes the Juntura correspondent of the Vale Oriano. On account of school man or a mouse? If, as Mr. Bryan says, nine-tenths of the Republicans are Democrats, what a hole a vote-raising campaign has in voting the Republican ticket.

A London paper says King Edward has a keen sense of humor. Probably he has, but it was through the jokes Mark Twain got off last spring. "Down in Mexico some people guilty of insuring insurance," says the paper. "If this were the law in this country, we would have less frenzied financing with other people's money."

Arc You a Drinking Man

By Ella Wheeler Wilcox. Are you a drinking man? A man who uses alcoholic drinks habitually? Are you a husband and father? If so, how do you reconcile yourself to the knowledge that you are lowering your hood, making your wife miserable and bringing shame upon your children?

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Dividing the 3,771 children into two classes, viz., those free from hereditary alcoholic taint and those with hereditary alcoholic taint, some very striking contrasts are shown by the following:

1. Of those free from hereditary alcoholic taint, 96 per cent were proficient, 4 per cent were dullards, 18 per cent were feeble, 18 per cent were neurotic or organic disease.

2. Of those with hereditary alcoholic taint, 23 per cent were proficient, 10 per cent were dullards, 30 per cent were deficient, 76 per cent suffered from some neurosis or organic disease.

From these studies MacNicholl concludes: First—Alcohol at the threshold of life is a bad influence and a bad habit. Second—Alcohol by destroying the integrity of the nerve structures and by lowering the standard of organic relations launches hereditary influences which by continuous transmission gain momentum and potency, and leave their impact on mind and nerve until the mental faculties are demoralized, physical energies hopelessly impaired and the moral nature becomes degenerate and weak.

Third—If we are to make any material change in the ranks of mental deficiency, we must adopt methods of prevention as well as methods of cure. It is an excellent proof of the advance of the human race toward better conditions when we see the mental faculties giving the test results against the habitual use of alcohol.

Doctors have in times past done much to cure the alcoholic habit. They have defended alcohol as an excellent "medicine" and declared it to be oftentimes a benefit, used with discretion. Of course the drunkard believes in his own "discretion."

But doctors are coming to a realization that the alcoholic habit is a disease, and science is stepping forward to help in the salvation of rising generations from this great evil.

It has been said that the substitution of an orange for a drink will remove the craving after a few trials, and will fortify the strength at the same time. If you are a victim of thirst stimulants and desire to overcome it, try also, awakening your own self-respect and your sense of duty to your family.

Prayer to the Invisible Friends who are always ready to help those who try to help themselves. "Most of you girls are..." "Left-eared?" said the young lady from the telephone exchange. "Yes, left-eared. The same as left-handed. That is, I say, your left ear better at its work than your right one."

She did not know, so he tested her findings, and he found her left ear was a little the better of the two. "It is a natural thing," he said. "You girls use the left ear exclusively for the telephone exchange, and the right ear has nothing to do. Hence the left, like a muscle, develops; the right atrophies."

Unconditional Surrender.

From the Chicago Record-Herald. Old General Confidence apparently believes in fighting it out on this line if it takes all winter. "This Date in History. 1923—Malcolm Canmore, king of Scotland, slain in battle at Alnwick. 1512—King Edward III of England born. 1828—Remarkable display of meteoric stars seen over a large part of North America. 1834—P. A. B. Widener, American financier, born. 1849—Khelet, capital of Belochistan, captured by the British. 1854—Rear Admiral Alsa Walker, U. S. N., born in Portsmouth, New Hampshire. 1871—Present Duke of Marlborough born. 1894—Secretary Carlisle called for bonds for second issue of \$50,000,000 of bonds. 1900—United States cruiser Yosemite wrecked at Guam by typhoon.