

# CURRENCY BILL FOR THE HOUSE

## Entirely New System of Regulating Bank Circulation.

### Will Be Secured by Bank's Assets—Banks to Deposit Money With Government to Guarantee Both Notes and Deposits—Framed and Managed by Fowler.

Washington, Jan. 9.—The sub-committee of the house committee on banking and currency, to which was entrusted the framing of a bill to increase the elasticity of the currency, reached a conclusion yesterday and will report favorably to the full committee a bill drawn in the main by Chairman Fowler, of the committee. The bill will be introduced by Fowler and referred to his committee, where it will form the working basis for the framing of a bill of possibly the same scope and tenor.

The bill provides for the complete retirement of all outstanding national bank bond secured currency and authorizes in lieu thereof a currency based upon general assets of the banks, to be worked out in this way:

The controller of the currency will designate throughout the country certain redemption cities, so that there shall be a redemption city within at least 24 hours' reach of every national bank. The national banks will indicate to the controller of the currency to what redemption city they wish to be joined. The controller will then select a time and place within each redemption district for the organizing of that district in the following manner:

Each national bank in that district, regardless of its capital stock, will be entitled to one vote. Representatives of the banks will meet at a time and place designated and elect a board of managers to consist of seven members. The seven will elect a chairman, who will become a deputy controller of currency and assume control of his redemption district, except that he shall not have charge of the enforcement of the criminal statutes.

Each national bank is authorized to present to the secretary of the treasury national bank notes and lawful money in lieu of other national bank bond secured outstanding notes. Then, if the bank's application therefor is indorsed by the board of managers of the redemption district to which it belongs, the bank will receive guaranteed credit notes to the amount of its capital stock. These notes will be subject to a tax of 2 per cent per annum. Each bank will be required to deposit as a guarantee fund with the treasurer of the United States 5 per cent of its average deposits for the preceding 12 months and 5 per cent of the credit notes which it takes out. The revenue thus obtained is to be used to support a national guarantee fund of \$500,000,000 for the guarantee of both the deposits and the outstanding banknotes of every national bank. Eighty per cent of this fund is to be invested in United States bonds drawing 2 per cent interest, while the remaining 20 per cent is to be deposited in banks of the various redemption cities for the purpose of redeeming the guaranteed credit notes of the banks of the various redemption districts.

When the national guarantee fund reaches \$25,000,000, which would be almost simultaneous with the birth of the new law, the government is required to return to the banks the United States bonds now held as security for Federal deposits, the object being to enable the banks to get control of the bonds, so that the government can invest the 80 per cent of the guaranteed fund in 2 per cent bonds and regain control. In buying these bonds the banks holding them shall be paid their original purchase price, providing their exact purchase price can be proven.

It is Fowler's idea, as embodied in the bill, to have the new credit notes printed on a green background in differentiation from the yellow background of the gold notes and white background of the silver certificates.

### Tunnel Open for Traffic.

New York, Jan. 9.—The first of the series of tunnels under the waters that divide Manhattan from Brooklyn on the one side and from New Jersey on the other was opened for traffic late last night, when the initial passenger train left the Bowling Green station of the Interborough subway and went the length of one of the long steel double tubes which parallel each other under the river to Brooklyn. The opening of this tunnel is regarded as a long step toward the solution of the transportation problem of New York.

### Will Try Land Thieves.

Helena, Mont., Jan. 9.—United States Judge William H. Hunt will leave Helena on Saturday for Portland, Or., where he has just been ordered by the Department of Justice to preside in the land fraud cases, which will be brought up the first of next week. Francis J. Heney will prosecute the cases. Judge Dietrich, of the Idaho district, will come to Helena to preside over the Federal court here during Judge Hunt's absence.

### Battleships Off Brazil.

Pernambuco, Brazil, Jan. 9.—The American battleship fleet under command of Rear Admiral Evans, was sighted passing this port yesterday at noon on its way to Rio Janeiro.

# VERDICT DECLARED VOID.

## Court of Appeals Reverses Decision in Schmitz Case.

San Francisco, Jan. 10.—"The judgment and order are reversed and the trial court is directed to sustain the demurrer to the indictment and discharge the defendant as to such indictment."

This was the decision handed down yesterday by the District Court of Appeals reversing the judgment of the trial court in the case of ex-Mayor Schmitz, sentenced to five years in San Quentin on the charge of extortion based upon the alleged "holding up" of the French restaurants in the matter of liquor licenses and setting aside the indictment on which his conviction was had.

The trial was made notable by the appearance of Abraham Ruef, the political dictator who controlled the municipal administration, and practically placed Schmitz in office, as a witness against the mayor, testifying that he had paid to Schmitz \$2,500 of the \$5,000 received by Ruef from the French restaurants, in order that Schmitz would permit the board of police commissioners to issue liquor licenses to them. Ruef had, previous to this, dramatically pleaded guilty to the same charge, at the same time making the enigmatical statement that he was innocent.

On the ground that the indictment did not show that a public offense was committed, because it did not allege any threat to injure property, the court holding that a liquor license was not property, but mere permission; that a threat to prevent the obtaining of a liquor license by one who had no authority in the premises did not constitute a threat against property, and because of numerous errors in the ruling of the trial judge—Superior Judge Frank H. Danne—the Appellate court held that the indictment was invalid and the conviction null and void. In effect, the court held that Schmitz was not given a fair and impartial trial.

While the decision was not wholly a surprise, even to the prosecution, and had been freely predicted by Schmitz's friends for some time, it did not fail to cause something of a sensation and was the sole topic of conversation yesterday.

The decision will have the effect of invalidating the other four indictments charging Schmitz as well as Ruef with extortion, and renders void the plea of guilty made by Ruef, as the Appellate court held that no crime was committed. By this reversal it is feared that the prosecution has lost its hold upon Ruef, and it was freely predicted last night that the former political boss would now refuse all overtures of immunity, wholly or in part, to testify in the bribery-graft cases, and fight every indictment against him.

Although the court ordered Schmitz discharged from custody on the extortion indictments, neither Schmitz nor Ruef can take advantage of the reversal for 60 days, and even then there is little likelihood that either of them will be able to get the enormous bail required for their release. There are still pending against Ruef 126 indictments charging bribery, on which the total bail is \$1,170,000, and Schmitz would have to get bonds for \$450,000 on the indictments that remain against him. The prosecution has 20 days in which to ask the Appellate court for a rehearing of the appeal, and the court has 10 days in which to decide the motion. The appeal would then go to the Supreme court, where the same length of time would be required before the decision of yesterday can go into effect.

### Cut Rates on Atlantic.

Liverpool, Jan. 10.—The White Star line today announced a reduction in its second and third class passenger rates from English ports to New York and Boston. This step is taken because of the traffic that has been deflected from the vessels of this line by the Lusitania and Mauretania, and to the refusal of the Cunard company to concede differential rates for vessels of the Baltic class. The second-class fares were reduced by from \$6 to \$7.50 and the third class fare by from \$4 to \$5. The Cunard company immediately said that it would meet the cut.

### Loeb Goes into Other Work.

Washington, Jan. 10.—Investigations in local financial circles by Representative Smith, of Michigan, chairman of the house committee on the District of Columbia, warrants him in saying that there is to be a consolidation of the streetcar companies of the District of Columbia, and that William Loeb, Jr., secretary to President Roosevelt, is to be given the active management. Mr. Smith has been making inquiry into the streetcar situation, with the view of getting authority for constructing new lines.

### Lives Lost in China.

Victoria, B. C., Jan. 10.—Mail advices from South China tell of a terrible fire at Canton, where 300 lives were lost in the burning of a restaurant. A Chinese recently returned from California bringing a cinematograph machine, and at a wedding feast at a Choi Chan restaurant he gave a cinematograph exhibition. Several hundred Chinese had crowded into the place, when the film took fire. There was a panic, and the building collapsed.

### Greene and Gaynor Go to Prison.

Macon, Ga., Jan. 10.—Benjamin D. Greene and John F. Gaynor were taken to Atlanta today to be placed in the Federal penitentiary to begin four year sentences for embezzlement of government funds in connection with government work in Savannah harbor. They had been in jail pending an appeal to the United States Supreme court.

# PROCEEDINGS OF THE SIXTIETH SESSION OF NATIONAL LAWMAKERS

## Saturday, January 11

Washington, Jan. 11.—A vigorous fight was waged in the house of representatives today over the bill to codify and revise the penal laws of the United States with particular reference to section 19, affecting conspiracies against the civil rights of citizens. Smith, of Missouri, and Hughes, of New Jersey, offered amendments having for their object the exemption of labor unions from the operation of the section whenever such unions declare strikes or boycotts. A motion to strike out the whole section was made by Bartlett, of Georgia. The brunt of the debate was borne by Sherley, of Kentucky, a member of the committee on revision, but he was supported by a number of Republicans.

The amendments were all lost, as was one by De Armond to strike out section 20, because it conferred on Federal courts in punishing felonies and misdemeanors committed under section 19 the authority given to the courts of the state in which the acts are committed.

## Friday, January 10.

Washington, Jan. 10.—The house of representatives today resumed its activity, and for over five hours transacted business of a public nature. Material progress was made with the bill to codify, revise and amend the criminal laws of the United States, which was taken up after some routine bills had been disposed of.

The feature of the session was a brief address by Burleson, of Texas, who credited Senator Foraker and other Republicans with having charged the president with the responsibility for the recent financial panic.

The house adjourned at 5:12 p. m. until tomorrow, after an effort had been made by the Democrats for consideration of the code bill. The house of representatives took on its old-time form when Jones, of Washington, called up the bill authorizing the Benton Water company to construct a dam across Snake river at Five-mile rapids, Wash. The bill elicited a sharp debate and members crowded into the center aisle anxious to be heard. The bill was finally passed.

Washington, Jan. 10.—The senate committee on territories today passed favorably upon the nomination of George Curry to be governor of New Mexico; Nathan Jaffa to be secretary of New Mexico, and John H. Page to be secretary of Arizona.

The committee on Pacific islands and Porto Rico voted to recommend the confirmation of Regis H. Post, of New York, to be governor of Porto Rico; William F. Willoughby, of the District of Columbia, to be secretary of Porto Rico, and Edward Dexter, of Illinois, to be commissioner of education of Porto Rico.

## Thursday, January 9.

Washington, Jan. 9.—The introduction by Senator Hale, chairman of the committee on naval affairs, today of his naval personnel bill proved the occasion for a general discussion of naval affairs and recent occurrences in connection with that branch of the public service. The Maine senator entered upon a full explanation of the provisions of the measure, together with his reason for its adoption.

Senator Clay today introduced a bill authorizing the secretary of the treasury to issue \$300,000,000 of non-interest bearing United States notes in circulation, in such form as he may deem expedient.

Senator Buckley today introduced a bill providing for emergency currency issued by banks in amounts equal to the par value of bonds to be deposited with the treasurer of the United States. It provides that United States bonds, Panama canal bonds, bonds of any state, county or municipality of not less than 50,000 population, may be accepted for such purposes.

Senator Lodge today introduced a joint resolution reducing China's indemnity bond, incurred as a result of the Boxer trouble of 1900, from \$245,440,778 to \$11,655,492, with interest at 4 per cent, payment of the amount being remitted as an act of friendship to China.

Senator Gore, of Oklahoma, today introduced a joint resolution providing that no person shall be eligible to be elected president of the United States for more than two terms in succession. Senator Piles today secured the passage through the senate of his bill appropriating \$30,000 for the erection of

### Argue Over Giving Rebates.

Washington, January 9.—The Supreme court today heard arguments in the government criminal prosecution of the Great Northern Railway company on the charge of violating the Elkins law by granting rebates on which the company was fined \$5,000. The company was represented by William R. Bigg, of St. Paul, and the government by Attorney General Bonaparte. The defense proceeds on the theory that the first section of the Elkins law, imposing fines for rebates, was repealed by the Hepburn act.

### Decrease in Army.

Washington, Jan. 8.—Secretary Iaft is a strong advocate of increased pay for the army, and his annual report, just sent to congress, completely dispels any doubt that may exist as to the disposition. The report shows rapid decrease in the strength of the regular army in recent years (the loss last year being 4,428 men), and the pressing need of officers to replace those now on detailed on recruiting duty as military instructors in educational institutions.

### a lighthouse at the entrance of Bellingham Bay.

Washington, Jan. 9.—Decided differences of opinion as to the way of injecting elasticity into the national currency and of increasing the safety of bank deposits have arisen among the members of the committee on banking and currency, of which Fowler, of New Jersey is chairman. Some of the Republican members as well as Democrats, are not in entire sympathy with the plan of Fowler as embodied in the bill introduced by him yesterday contemplating the immediate and complete retirement of all national bank bond-secured currency and its replacement by a guaranteed credit currency based upon general assets of the banks.

## Wednesday, January 8.

Washington, Jan. 8.—In the presence of the entire house, Williams, of Mississippi, and De Armond, of Missouri, whose physical encounter on the floor just before the Christmas adjournment attracted general attention, today engaged in an exchange of amenities which was generally accepted as a public announcement of their respective intentions not to permit their personal differences to interfere with the courteous discharge of their public duties.

The incident occurred in connection with an effort by Dalsell, of the committee on rules, to get the house to agree to a rule giving right-of-way to the bill authorizing the codification and amendment of the penal laws of the United States and limiting general debate to four hours. Several Democratic members expressed the opinion that the rule was a scheme to sidetrack other legislation. Dalsell, however, refuted this.

The rule was passed by an overwhelming majority, despite efforts of DeArmond and seven adherents to secure the yeas and nays, and the house at once proceeded to the consideration and reading of the bill. At the conclusion of the reading, which consumed two hours, the bill was laid aside and the house again took up the resolution distributing the president's message to the several committees, in order to permit Gaines, of Tennessee, to address the house in favor of an appropriation for the Hermitage, the home of General Andrew Jackson, near Nashville, Tenn.

## Tuesday, January 7.

Washington, Jan. 7.—Senator Aldrich today introduced his currency bill, which has been a subject for some days. He had the bill read to the senate and announced that the committee would be glad to consider with it all bills that senators might desire to introduce. He assured Culberson that his resolution would receive attention.

At 1:40 the senate adjourned until next Thursday to permit more work by committees.

The president today sent in the nomination of Christian Schuebel to be district attorney for Oregon. His sole endorser was Senator Bourne, the other three members of the Oregon delegation supporting George G. Bingham, of Salem. There may be a fight over Schuebel's confirmation.

Washington, Jan. 7.—The resolution referring the president's message to the several committees furnished the occasion in the house of representatives today for a number of addresses, mostly by members on the Democratic side. These covered a variety of subjects, but those that attracted special attention were by Sheppard, of Texas, and Willet of New York.

The former not only made a plea for the restoration of the legend "In God We Trust" on American coins, but discussed the cruise of the American battleship fleet and referred to a possible conflict with Japan.

### Congress Reconvenes.

Washington, Jan. 6.—With its organization completed, the house of representatives reconvened at noon today. Almost the full quorum of representatives was present. The galleries were unusually well filled. After a half hour's session the house adjourned until tomorrow out of respect for the memory of the late Senator Mallory, of Florida.

The senate was in session only four minutes today, adjourning upon the adoption of resolutions in respect to the death of the late Senator Mallory, of Florida.

### Frisco Postmaster Will Lose.

Washington, Jan. 9.—The nomination of Arthur Fisk to be postmaster at San Francisco will not go to the senate today, unless the president changes his mind. Postmaster General Meyer said he was sure the president not intend to reappoint Fisk today. Congressman Kahn said that he had positive information that charges against Fisk for violation of the postal regulations had been filed last May and that these charges had not been investigated by the postoffice inspectors for some unknown reason.

### Ship Coal to Islands.

Washington, Jan. 9.—Sixty thousand tons of coal have been sent to Honolulu by the equipment bureau of the Navy department, and by April there are to be 100,000 tons at Manila. The shipments have been made in anticipation of the possibility of Rear Admiral Evans' battleship fleet returning to the Atlantic side by way of the Asiatic station. If it is not needed for that purpose the coal will be used from time to time by American men-of-war.

# DENATURED ALCOHOL.

## Idaho Experiment Station Tells About Manufacture and Use.

Conditions Affecting the Production of Industrial Alcohol in the Northwest, is the title of a bulletin recently issued by the department of chemistry of the Idaho state experiment station.

The purpose of the bulletin is, as the author states, to bring to the attention of farmers and others interested in the subject, the general principles underlying the processes used in the manufacture and denaturing of alcohol. The opinion is expressed that people in this part of the country will receive but little benefit from the passage of the "Denatured Alcohol Act" unless they see to it that this alcohol is made at home from home grown products. Several crops are mentioned as being the ones to which people in the Northwest will have to look as the most promising in alcohol manufacture, the most prominent being potatoes and sugar beets. It is not probable that individual farm distilleries will ever be put into operation. The idea is advanced of a community still, or a still owned and operated by a stock company, in which the chief owners of the stock shall be the producers of the raw material. Figures are given illustrating the relative efficiency of alcohol when compared to kerosene as a source of light.

It will require some time to get people acquainted with the uses to which denatured alcohol may be put, but it is confidently believed that there is a great future for this product right here in the Northwest.

### "DRYING OFF" THE MILKER.

#### Useful Hints On Handling of Cows Before Calving.

In answer to a question how to "dry off" the milking cow, Prof. J. H. Franson, of Idaho experiment station, gave the following suggestions:

The trouble with many dairymen is that in drying up cows they are afraid to stop milking as long as the cow shows any tendency of giving milk. In many they do not realize that to continue milking through the entire year is an exceedingly bad policy. In ordinary cases it is desirable that the cows should be dry from a month to six weeks. The object being to increase the supply of nourishment for the growing foetus as well as enabling the cow to improve her physical condition before the time of calving. When it is thought best to hasten "laying off," start by not milking the cow clean. This will generally decrease the amount to a point where it is safe to skip every other milking. In about a week the milk will generally be reduced to such proportions as to justify milking only every other day. Generally soon after this it will be safe to discontinue milking altogether.

The "drying off" is most easily accomplished when cows are fed on dry feeds as much as possible. There are a few persistent milkers which can be done more harm by a forced "drying off" than to let them milk up to calving, but such cows are decidedly few in numbers.

### Publications for Farmers.

The following publications of interest to farmers and others have been issued by the Agricultural department of the Federal government and will be furnished free, so long as they are available, except where otherwise noted, upon application to the Superintendent of Documents, Government Printing Office, Washington, D. C.:

Farmer's Bulletin No. 158.—How to Build Small Irrigation Ditches. By C. T. Johnston and J. D. Stannard, assistants in Irrigation investigations, office of experiment stations. Pp. 28, figs. 9. This is a reprint of an article in the Yearbook of the department of agriculture for 1900, entitled "Practical Irrigation," giving methods for laying out and building small irrigating ditches, using only such implements as are found on most farms or can easily be made by the farmer.

Farmer's Bulletin No. 187.—Drainage of Farm Lands. By C. G. Elliott, drainage expert, irrigation investigations, office of experiment stations. Pp. 40, figs. 19. Explains the effects and advantages of drainage and describes implements and methods suited to a variety of conditions in humid and irrigated regions.

Farmer's Bulletin No. 263.—Practical Information for Beginners in Irrigation. By S. Fortier. Pp. 40, figs. 25. This gives suggestions as to the selection of an irrigated farm, the acquisition of a water right, the preparation of land for irrigation, the construction of farm ditches, and the application of water to crops.

Farmer's Bulletin No. 270.—Modern Conveniences for the Farm Home. By Elmina T. Wilson. Pp. 48, figs. 27. This discusses heating, water supply, and sewage disposal for farm homes, and the arrangement of houses and grounds.

Farmer's Bulletin No. 277.—The Use of Alcohol and Gasoline in Farm Engines. By C. E. Lucke and S. M. Woodwad. Pp. 40, figs. 12. This gives the general results of experiments in the use of alcohol in the ordinary internal combustion engines on the American market, with some discussion of foreign experiments.

### Two-Egg Sponge Cake.

Beat two eggs separately and well. Add to yolks one-half cup sugar; beat; then three-eighths cup boiling water and another half-cup of sugar and one-fourth teaspoonful salt; beat again. Add juice and grated rind of one-fourth lemon; beat again. Now add alternately the whites of eggs and one level cup flour, sifted with one and one-half teaspoonful baking powder. Bake twenty-five minutes in a greased, paper-lined, shallow pan.

# WILLIAMSON TO HAVE NEW TRIAL

## Supreme Court Finds That Trial Judge Erred.

### Land Office Rules Require an Illegal Oath and Judge Hunt Wrongly Advised Jury—Oath Denying Any Agreement to Sell Not Required When Making Final Proof.

Washington, Jan. 7.—Because the judge before whom ex-Representative Williamson was tried erred in his instructions to the jury, the judgment of the lower court was yesterday reversed by the United States Supreme court and the case remanded for retrial. That the indictment was correct, that the admission of evidence was in accordance with law and that the rulings of the court were right and proper is affirmed, but because the trial judge erred in admitting certain testimony with regard to final proof and because he erroneously instructed the jury with regard to this same evidence, the whole case must again go to trial or the indictment must be quashed.

The Supreme court construes the timber and stone act specifically to require entrymen, at the time of making application for land, to submit an affidavit of good faith, showing that they have no agreement, actual or implied, to sell the land upon acquiring title, but there is no requirement that such an affidavit shall be made when final proof is submitted. The indictment of Williamson made specific reference to the affidavit required by law, and did not mention the similar affidavit which is exacted by the land office regulations at the time of final proof. Yet evidence was admitted to show that various entrymen had committed perjury in making such affidavits with their final proof, and the judge, in his instructions to the jury, specifically informed it that it could return a verdict of guilty if satisfied that the evidence showed such perjury had been committed at the time of making final proof. The admission of that evidence and the instructions relating thereto proved the undoing of the case against Williamson.

### RAILROADS TAKE MEDICINE.

#### Rate Law Accepted With Good Grace by Nearly All.

Washington, Jan. 7.—More significant and important, perhaps, than any other statement in the twenty-first annual report of the Interstate Commerce commission, which was transmitted today to congress, is that relating to the attitude of railway officials toward the new railroad law. In a discussion of the operation of the act, the commission says:

"By railway managers, almost without exception, the amended law has been accepted in good faith, and they exhibit, for the most part, a sincere and earnest disposition to conform their methods to its requirements."

The commission adds that it was not expected that reforms could be brought about without difficulty or delay, but it is unquestionably the fact that great progress has been made, and that further improvement is clearly assured. To a gratifying extent there has been adjustment of rates and of "abuses" by the carriers themselves. Methods and usages of one sort and another which operated to individual advantage have been voluntarily stopped and it is not too much to say that there is now a freedom from forbidden discriminations which is actual and general to a degree never before approached. As this process goes on, as special privileges disappear and favoritism ceases to be even suspected, the indirect but not less certain benefits of the law will become more and more apparent.

Since the new rate became effective on October 24, 1906, the commission has granted relief in the form of corrective orders in many cases. Upon November 4, 1907, the commission had rendered decisions in 105 contested cases. In 45 of these orders were made against the defendant carriers; in 45 the complaints were dismissed.

### Warrants for Eviction.

New York, Jan. 7.—More than 500 warrants for the eviction of tenants participating in the strike for lower rents were issued today in the Municipal court. The papers authorize immediate eviction of the tenants against whom they were drawn. It will undoubtedly take a score of marshals nearly two weeks to serve the notices. The tenants are maintaining a stout fight and announced today that the landlords of 51 houses had already agreed to reduce rents. The East Side was calm today.

### Favors Local Option Law.

Columbus, O., Jan. 7.—The message of Governor Harris was read to the legislature yesterday afternoon. The governor urges the enactment of a bill providing for general primary elections with the Australian ballot system; placing of telephone companies under supervision of the state railroad commission, with power to regulate rates, and commends to the favorable consideration of the assembly the adoption of county local option.

### From Japan to Portland.

Victoria, B. C., Jan. 7.—According to advices by the steamship Empress of China today, a leading paper of Tokio says the Osaka Shosen Kaisha is preparing to open a steamship line between Portland, Or., and Japan and China.