

The Herald

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Monmouth, Oregon.

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Transforming The Currency

Retirement of bond-secured currency by the Federal Reserve Board has begun and will be in full swing next year. The currency law gives the Board authority to compel the reserve banks to buy not more than \$25,000,000 a year of the 2 per cent bonds which are held to secure National bank notes. The total of these bonds is \$601,000,000 and \$135,000,000 of other Government bonds are used for the same purpose, but the law does not require their purchase.

The reserve banks have already bought in the open market \$7,601,000 of 2 per cent bonds and on January 1, 1916, will begin buying the first \$25,000,000 required by law. They may either use the bonds to secure circulation of their own or may exchange them for one-year United States gold notes bearing 3 per cent interest or for 30-year United States gold bonds at the same rate, neither notes nor bonds being available to secure circulation.

This will be the beginning of the process by which currency will be divorced from bonds, after the two have been coupled together since the Civil War. That unnatural union has been largely responsible for the alternate plethora and stringency of money which has been a moving cause of panics. The supply of currency being based on the supply of bonds instead of on the needs of business, we have endured the anomaly of being able to get money when we did not need it and of not being able to get it when we did need it.

The National bank notes are to be replaced by Federal reserve notes to be issued by the Government to reserve banks, the new notes to be secured by 40 per cent gold and their face value in commercial paper accepted for rediscount. This latter provision will cause the volume of the new currency to expand and contract in proportion to the needs of business, while the gold reserve requirement will guard against inflation.

The process of transition from the old to the new currency, which has already begun, may be extended over twenty years, but it may be hastened, for National banks have the right after January 1, 1916, to retire their entire old-style circulation and to sell the bonds by which it is secured to the Government. Probably long before the twenty years expire all National bank notes except those in the hoards of misers will have been retired. —Weekly Oregonian.

Demogogy Downs The Flag

Following item shows how Senator LaFollette's demagogic

seaman's law is driving American ships under foreign flags:

The steamer M. S. Dollar, of the Robert Dollar Company, sold to Birkall & Co., of Shanghai, is well known at Tacoma and has loaded here frequently. The Dollar Company has also sold the Mackinaw, another vessel that plied out of Tacoma to San Francisco a number of years in the coal trade. The reason given by Robert Dollar for the sale of the vessels is the seaman's law, which goes into effect in November. Captain declared some time ago he would again take his vessel from the American registry and place them under the British flag. The sale of this vessel now leaves the Minnesota the only vessel plying in the Oriental trade flying the American flag. The Pacific Mail has announced that they will withdraw their vessels from the service.

Naval Aeroplanes

One lesson of the war that will probably be made the most of in developing the naval defence of the United States is the part that can be played by the aeroplane.

It has been learned through experience that a navy without aeroplanes is as helpless as a submarine without a periscope. It has also been learned that the aeroplane is one of the best defenses against the submarine. Aviators flying at an altitude of 300 to 500 feet can see from 150 to 200 feet below the surface of the water and detect the presence of any submarine craft in the vicinity of a ship, warning it in time to escape destruction.

In connection with the loss of the Lusitania it is asserted by those versed in aeronautics that this could have been prevented had the British government employed on the Irish coast such an air patrol as that by means of which the Russians have kept their Black sea coast free of German and Turkish vessels.

This at least is the opinion of Charles C. Witner, an American aviator recently returned from Russia, who says that government has been able with an equipment of seven air machines, costing about \$100,000, to dispense with the services of several cruisers and to insure protection. A similar opinion is expressed by Henry Woodhouse in a communication to the New York Times. He says: "The small investment of \$20,000, the cost of two aeroplanes, would have saved the Lusitania, the terrible loss of life and an actual loss of over two million dollars."

A battleship costs seven, or eight million, an aeroplane seven or eight thousand. This is cheap insurance. Looking into the future Mr. Woodhouse says recent developments in naval aeronautics show clearly the advent of a new epoch, a period when the ships of the sea must face a new and potential adversary, when transports equipped with torpedo launching aeroplanes will be a match for armored war ships in naval battles, and the side winning in the air will have a preponderous advantage over the other. —Journal.

An idea of the size of the automobile bill of the United

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States may be obtained from the following figures. On June 1, the total number of automobiles was 2,000,000. The total running expense for all cars in use was \$730,000,000. Add thereto the value of the 600,000 new cars purchased during the year at an average price of \$750, or \$450,000,000, and we get the immense total of \$1,180,000,000 spent in a single year on the sport of motoring. Is it any wonder that a certain automobile factory can cut a big melon? —Journal.

Canning Work Popular

Reports of attendance at the canning demonstrations conducted by the O. A. C. on special cars provided by the Southern Pacific Railway company, show that the people are very much interested in practical phases of this subject. Attendance of the first day of the demonstration reached considerably more than five hundred, all of whom were directly interested in up-to-date canning methods. The second demonstration was given at Monmouth, where students and faculty of the Summer School turned out in full force.

Attendance at Albany, Jefferson, Gervais, Turner and Salem, on Tuesday and Wednesday of last week, was also quite satisfactory. At Salem there were 125 persons present in the afternoon and many more at the evening demonstrations held in the Commercial Club rooms.

Canning equipment and materials are carried in one car. The other car is used as a lecture room in inclement weather. The baggage car is also provided with 200 chairs for the accommodation of these "short course" students. This service will be continued during the remainder of the present week.

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