

Forty-sixth Year.  
Daily—Eleventh Year.

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NO. 246

## LAWSON MAKES VAGUE CHARGES REFUSES PROOF

**Stock Broker Accuses Every Department of Government of Leaking to Wall Street, But Declines to Give Source of Information—Adjudged in Contempt of Congress.**

WASHINGTON, Jan. 8.—Thomas W. Lawson occupied much of today's session of the house rules committee hearing on the alleged stock market leak on President Wilson's peace note with a running row with the committee which ended in much of his statements being expunged from the record and concluded with the declaration that he could tell where the leak was, but wouldn't.

Describing it first as a suppositious case, but later stating it had been told to him as a fact, Lawson pictured a United States senator, cabinet officer and New York banker having a joint stock gambling account, and dividing the profits among them. He declined to give names because he did not know them of his own knowledge.

**Supreme Court Also.**  
"What did you mean?" asked Representative Campbell, "when you referred to supreme court leaks this morning?"

"I meant that advance information regarding decisions got to the street, and that it might have come through officers or attaches of the court," said Lawson.

"Did you mean to include the justices?"

"Oh, no."  
Lawson told the committee that a member of congress had told him a member of the cabinet had speculated on the falling market caused by the leak, but he flatly refused to give the committee the name of the cabinet member or of the member of congress who told him.

"Who told you that, and who was the member of the cabinet?" demanded Representative Campbell.

"I am not going to answer," said Lawson, determinedly.

Representative Campbell declared that the committee had the power to compel him to answer.

"When I say that the name was given to me in confidence on honor, not to be repeated, do you still insist upon an answer?" asked Lawson.

"Yes," said Campbell.

**Is in Contempt.**  
"Well, I shall not answer," said Lawson. "It seems to me that it could serve no good purpose to use the name of a high official of the government at a time when it might bring serious consequences to the"

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## LANSING DENIES KNOWLEDGE OF MARKET LEAK

**Secretary of State Testifies About Handling of Document After It Got to State Department—Details History of Peace Note and Confidential Talk to Newspaper Men.**

WASHINGTON, Jan. 8.—Before the congressional committee probing the alleged "leak" to the stock market of the president's peace note, Secretary Lansing today said:

"Possibly I had better start by stating that I assume that confidential communications between the president and myself are not a part of the inquiry. I can give you a physical history of the note. The draft of the note was received by me from the white house at 4 o'clock Monday afternoon. I called Mr. Polk, counselor for the department, and Mr. Woolsey, law advisor, attached to my office, and discussed the three forms in which the note had to be prepared and set forth. I then handed it to Mr. Woolsey, enjoining to the strictest secrecy that he might take it to the three confidential stenographers. There it was to be prepared and delivered to Mr. Salmon, chief of the index bureau.

**Outlines Procedure.**  
"The index clerk," continued the secretary, "was to encipher the note and said that it would take so long to cipher the three notes that he would have to have an assistant. I directed that he engage his most confidential man for the work. He did so, was given the copies, and the two men locked themselves in the room. They were given the copies at 8 o'clock and at 2:30 Tuesday morning, December 19, the notes were enciphered, delivered to the telegraph room and sent."

"On Tuesday afternoon I discussed with the president the time when the note should be made public. The reason for secrecy was the courtesy due to the nations who were to receive the note that it should not be published here before they received it."

"We decided it would take at least two days for it to reach Austria and Rumania, and we decided it should be made public on Thursday morning. Tuesday evening about 6 o'clock a copy of the note was handed to Mr. James, chief of the information bureau. He at once took it up with the printing office."

**Journalists Told of It.**  
"It was read by one man and then sent to the printing office."

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## Out of the Frying Pan Into the Fire

COMPARATIVE MUNICIPAL INDEBTEDNESS

Medford with Medynski bonds.....	\$1,689,500
Average 11 Oregon cities.....	615,990

COMPARATIVE PER CAPITA INDEBTEDNESS

Medford with Medynski bonds.....	188
Average 11 Oregon cities.....	66

COMPARATIVE COST OF PAVING On Average Home Assessed at \$2000

Original cost.....	200
Cost under Hanson plan.....	266
Cost under Medynski scheme.....	954

## WEBB-KENYON LAW IS UPHELD IN SUPREME COURT

WASHINGTON, Jan. 8.—The Webb-Kenyon law, designed to prevent liquor shipments from "wet" to "dry" states, was today declared constitutional by the supreme court by a vote of 7 to 2, which also upheld West Virginia's prohibition amendment, prohibiting citizens from receiving liquor for personal use, shipped by common carriers in interstate commerce.

It was announced that Justice Reynolds concurred in the decision, but not completely in the opinion.

Justices Holmes and Vandeventer were the two dissenting justices.

"The all-reaching power of government over liquor is settled," said the chief justice in announcing his decision. "There was no intention of congress to forbid individual use of liquor. The purpose of this act was to cut out by the roots the practice of permitting violation of state liquor laws. We can have no doubt that congress has complete authority to prevent paralyzing of state authority. Congress exerted a power to co-ordinate the national with the state authority."

Attorneys for national liquor organizations who were in court said the decision upholds and applies the Webb-Kenyon law "in its broadest sense."

Wayne E. B. Wheeler, counsel for the Anti-Saloon league of America, who, with Fred Blue, state prohibition commissioner of West Virginia, argued the case before the court.

## TEUTONS SMASH RUSSIAN LINE ON RIVER SERETH

BERLIN, January 8.—Russian troops made another attack yesterday with strong forces on the northern end of the Russo-Galician front, near the Gulf of Riga. Today's official statement says the Russians succeeded in gaining more ground on the Aa river, but were elsewhere repulsed.

Field Marshal Von Mackensen has broken through the strongly defended barrier before the River Sereth, which the Russians had constructed at Fokshani, has captured that important Rumanian town and taken nearly 4,000 prisoners and three guns in the process.

The Russians also have lost ground further along the Moldavian frontier between the Putna and Oltuz valleys, Berlin announces. Towards the Danube from Fokshani, however, the latest reports showed a Russian offensive of some importance, which admittedly had succeeded in gaining ground from Von Mackensen's forces.

On the Franco-Belgian front, patrol and aviation operations are featured in the war office statements, Berlin reports considerable aviation activity and announces the bringing down of six hostile air planes during the day.

made this statement on the court's decision:

"The states may now prohibit the possession, receipt, sale and use of intoxicating liquor and not be hampered by the agencies of interstate interference."

## BULLIS OFFERS TO RELEASE CITY FROM RAILROAD CONTRACT

"The best interests of Medford will be served by the adoption of the Hanson plan and the rejection of the Medynski plan," stated S. S. Bullis, president of the Southern Oregon Traction Co., who has just returned from New York. "What we want to do is to provide ways of getting out of debt and paying debt, not of getting further in debt."

"If it will help in straightening out Medford's financial tangle, the Southern Oregon Traction Co. stands ready to release the city from its contract to build the Blue Lodge railroad. We do not desire to hamper the city and realize that before we can prosper here, the finances of the city must be adjusted to make Medford an attractive place for investment."

"In my opinion the Medynski plan will only further complicate the situation and hamper all of us in our effort to develop Medford by developing the back country and its resources."

Directors of the newly-formed Applegate Lumber Co., also expressed themselves to the effect that the adoption of the Medynski scheme will hamper their efforts to secure a box factory and complete their plant.

SPRINGFIELD, Ill., Jan. 8.—A budget system and consolidation of state administrative agencies were emphasized as needs in the address which Frank O. Lowden delivered today on the occasion of his inauguration address as governor.

## TUMULTY DENIAL OF LEAK PROBE MOST SWEEPING

**President's Secretary Issues General and Specific Denial of Having Known Anything About Peace Note or Having Given Out Information—Never Speculated Himself.**

WASHINGTON, Jan. 8.—Joseph P. Tumulty, secretary to President Wilson, backed with an endorsement by President Wilson, made the following statement to the house rules committee probing the alleged "leak" of peace note news to Wall street:

"I appear before this committee to resent the unjust intimation that I gave information to Mr. B. M. Baruch, in regard to the so-called peace note sent to the European belligerents last month by the secretary of state. This intimation was contained in a statement made to this committee by Representative Wood of Indiana, a man whom I do not know. To the best of my knowledge I have never met Mr. Wood. Certainly he made no effort to find out the truth from me before dragging my name into this affair."

**Generally and Specifically.**  
"I wish to deny generally and specifically that I gave advance information to Mr. Baruch or to anybody else in regard to the peace note. I did not know of the existence of this note or that this government contemplated the dispatch of such a note until after printed copies of the note had been given to representatives of the press by the state department, I was not consulted in the preparation of the note by the president or by anybody else. The conferences and communications relating to the drafting of the note and its dispatch were confidential between the president and the secretary of state. I knew nothing of them whatever nor did any other person employed in the executive office."

"I have had no correspondence, written or telegraphic, with Mr. Baruch or anybody representing him, regarding this matter. I have had no telephone talks with Mr. Baruch or anybody representing him regarding this matter. I have never talked with him or anybody representing him, or with anyone else publicly or privately, with regard to this matter."

**Never Met Baruch.**  
"Apparently the only insinuations made against me are that I lunched with or met Mr. Baruch at the Biltmore hotel at or about the time of the preparation of the president's suggestion that the European belligerents"

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## ADAMSON LAW BEING ARGUED IN SUPREME COURT

**Government Asks Annulment of Judge Hoak's Decision and Dismissal of Case—Contends Law is Constitutional and Sanctioned Already by Branches of Government.**

WASHINGTON, Jan. 8.—The climax of the legal contest over constitutionality of the Adamson law was reached today in the supreme court. Arguments were begun in the Missouri, Oklahoma and Gulf railroad test case, in which the department of justice is appealing from Federal Judge Hoak's decision at Kansas City Mo., that the law, passed last September when a nation-wide railroad strike seemed imminent, is "unconstitutional, null and void."

Conclusion of the arguments late tomorrow is expected. A decision is expected within a few weeks at most. The railroad's brief contended that the law is unworkable, experimental, incapable of application, interferes with liberty of contract, does not fall within congress' authority to regulate interstate commerce and takes railroad property without "due process" of law.

The arguments were begun by counsel for the department of justice which has sole charge of the defense, the railroad brotherhoods not appearing officially.

Annulment of Circuit Judge Hoak's decision holding the Adamson law unconstitutional and dismissal of the railroad's suit was asked in the brief of the department of justice.

**Annulment Asked.**  
"As an 'hours of service' act and also as a wage law, the federal brief contended the law is constitutional within the power of congress to enact and workable. Inferentially the brief argued that compulsory arbitration legislation such as is under consideration is also constitutional in behalf of public interests to prevent tie-ups of transportation facilities."

Practicability of obeying the law the brief asserted, has been admitted again and again by railroad officials, particularly in hearings before congressional committees last August and in conferences with President Wilson.

"All assumed that the mere change from the established and well-understood ten-hour standard day to the proposed eight-hour standard day was all that was necessary or intended," the brief stated, citing that 85 per cent of employes affected are now employed on a ten-hour basis. Admitting that a rigid eight-hour day for train operation is not completely practicable, the federal attorneys said the Adamson law should be enforced, at least so far as is possible.

**Plan Constitutional.**  
"Two copious branches of the government have been evidenced to the opinion that the plan is constitutional," the brief continued. "Certainly this court will not stake down the law under mere prophesies of its workability."

"The infringement of the principle of the contract does not affect the law's validity, nor the assertion that congress enacted this law from improper motives and upon insufficient information."

"Wage regulation has a vital connection with interstate commerce. Congress' power is ample enough to authorize direct control over the wage"

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## NO OFFER FOR BUYING BONDS

Mayor Emerick stated today, in regard to the printed circular being distributed, asserting that Keelor Bros., bond buyers of Denver, stated that they would purchase the bonds if the Medynski bonds carried, that no such offer was on record, and that Keelor Bros. stated that they would "probably" make a bid on the bonds. They have not, however, offered to bid upon the \$30,000 refunding bonds offered for sale April 1 by the city, nor has any other bonding house, and that all the replies so far received state that no bids will be forthcoming pending the issuance of the Medynski issue.

## MEDYNSKI PLAN HELD ILLEGAL

We, the undersigned attorneys, are confident that the Medynski amendment is a violation of the constitution and would be inoperative if voted.

A. E. REAMES,  
E. E. KELLY,  
P. J. NEFF,  
GUS NEWBURY,  
T. W. MILES,  
O. C. BOGGS.

## Owners of Vacant City Lots on Paved Streets Sole Beneficiaries Under Medynski Plan

Showing that owners of vacant lots on paved streets, and not the poor home owners, are the only possible beneficiaries under the proposed Medynski scheme, which creates a debt of approximately \$1,000,000 as a lien against all property to settle a debt of \$552,250 against property benefited by improvements, forcing even the owner of improved property on paved streets to pay more for his paving through taxation than he would otherwise pay.

DESCRIPTION	Assessed Valuation	Total amount to be paid in taxes 1917 to 1947, Inc.		Saving to Tax Payer		Relative Cost Per \$100 Valuation in 20 Years' Taxation Under Two Plans.
		Medynski Plan	Hanson Plan	Medynski Plan	Hanson Plan	
Improved property on Paved street, S. W. Cor. Main and Central, Lot 1, blk. 2, O. T.	\$7,860.00	\$9,463.20	\$7,190.34		\$2,272.86	Medynski \$120 Hanson \$ 90
Vacant lot on paved street, 2nd and Holly, lot 6, blk. 63, O. T.	340.00	409.46	981.87	\$ 572.41		Medynski \$120 Hanson \$287
House and lot on unpaved street, 711 Palm st. Lot 3, blk. 3, Walter Add.	1,000.00	1,204.25	835.50		368.74	Medynski \$120 Hanson \$ 83
Stock of Merchandise	5,000.00	6,021.25	4,177.50		1,843.75	Medynski \$120 Hanson \$ 83
Vacant lot on unpaved street	100.00	120.42	83.55		36.87	Medynski \$120 Hanson \$ 83
Factory	3,000.00	3,612.75	2,406.50		1,206.25	Medynski \$120 Hanson \$ 83

The above figures are based upon an assessed valuation for Medford of \$4,000,000. The levies are assumed constant for city, operation 10 mills, library 0.9 mills, school 10.5 mills, state and county 16 mills; total 37.4 mills. These figures prove conclusively that the only property benefited by the Medynski plan is the vacant unimproved lot on the paving.

## HANSON PLAN O. K. STATE ATTORNEYS

We, the undersigned attorneys, wish to assure the people of Medford that there is no merit in the technical objection raised by the city attorney, with respect to the necessity for an exacting clause on the proposed Hanson measure.

A. E. REAMES,  
P. J. NEFF,  
O. C. BOGGS,  
T. W. MILES,  
GUS NEWBURY,  
E. E. KELLY.