

THIS WAS THE CIVIL WAR

South's Financial Difficulties

By MERTON T. AKERS UPI Correspondent

The Confederacy made its first - and only - excursion into high international finance in 1863 with indifferent success.

From first to last in the embattled life of the Confederacy hard money was scarce. In the whole four years of its existence the Confederate treasury scrapped up only about \$25 million in metal money.

Against this \$25 million the Confederates issued about \$1 billion in paper money.

Near the end of 1862, Christopher G. Memminger, Confederate Secretary of Treasury, was feeling the pinch for gold to pay for munitions coming in from abroad.

Placed in Orphanage Memminger had come to the United States from Germany as a child soon after the turn of the century. His family put him into a Charleston, S.C. orphanage and was not heard of again.

He grew up in the orphanage and attracted the attention of a trustee who educated him as a lawyer. Memminger made a reputation as a financier by fighting and winning a celebrated bank case in Charleston.

When the Confederacy was organized he was recommended to President Jefferson Davis for the treasury post and promptly was appointed.

The day Memminger opened his small office in Montgomery, Ala., then the capital of the Confederacy, his first customer was a colonel carrying an order from Davis for money to outfit an army unit.

He was received by Henry D. Capers, Memminger's only employee. The colonel demanded his money immediately.

Capers reached into his pocket and pulled out a couple of Federal \$5 bills.

"This is all the money in the Confederate treasury at present," Capers told the colonel.

Memminger arranged for a local bank to advance the money on his personal credit.

"At the beginning of the Confederacy did not have enough money to buy the desk on which the Secretary wrote," Memminger said later.

French Offer Godsend In the fall of 1862 when Confederate military prospects were at their highest, came an offer from France to float a 25 million cotton loan.

Confederate credits in Europe were almost gone. The offer seemed a godsend.

It came from Erlanger et Cie, a French banking house which enjoyed the goodwill of Emperor Napoleon III who was fishing in the troubled waters of the American Civil War in hopes of re-establishing the Western Hemisphere empire his uncle, Napoleon I, had sold to Thomas Jefferson for \$15 million.

Erlanger's first terms were tough. They would underwrite a \$25 million loan at 8 per cent, the bonds to be delivered to the banking house at 70. Par value was to be 100. Erlanger was to get any of the proceeds over the figure 70, plus certain commissions. Furthermore the loan was to be secured with cotton at 12 cents a pound.

English and French mills were starving for cotton. What little cotton there was on the market in Europe was selling at 50 to 60 cents a pound. Mill hands in England and France were out of work, hungry and costing their governments heavy doses.

Somewhat - presumably Erlanger et Cie - stood to make

a mint of money if - and it seemed to the French bankers to be almost a certainty - the Confederacy won the war and could deliver the cotton six months after peace.

Plenty of Cotton The Confederate government had plenty of cotton - about 450,000 bales of it - piled up in warehouses and on plantations behind the Federal blockade.

As astute as the Erlanger bankers were at this point, they ran into a man just as astute - Secretary of State Judah P. Benjamin.

This was a cotton speculation, not a loan, Benjamin said and first opposed it. But he bargained with the Erlanger representatives who came to Richmond to negotiate the deal. He drove down the interest rate from 8 to 7 per cent, the whole amount of the loan to \$15 million and then increased the selling price to the Confederate government from 70 to 77.

It was in that form that the Confederate Congress approved the loan on Jan. 29, 1863. Subscription books for the loan offered at 90, were opened on March 18, 1863. By nightfall the loan was oversubscribed. Subscriptions came in from all over Europe.

A week later the subscriptions reached \$50 million for the \$15 million loan. One of the subscribers was William E. Gladstone, British Chancellor of the Exchequer, for \$10,000.

Soon the Confederate cotton bonds were quoted at 95 1/2, their highest point. Began To Fluctuate

Then something happened. The bonds began to fluctuate, ending up a little lower after each change.

Erlanger was alarmed. The bankers said the U.S. Government was buying as the bond prices went down and forming a "bear party."

Settlement day - when the subscribers were to lay down the rest of their money - was April 24, 1863. Erlanger feared by that date the bonds would be so low that subscribers would forfeit the 15 per cent they already had paid in.

Soon London papers began to publish letters telling how President Davis, when he was a senator from Mississippi, had defended his state in defaulting on some of its bonds - about \$10 million. "Davis, the Repudiator," he was called.

The Confederate victory at Chancellorville in May had bolstered the bond prices but then came the battle of Gettysburg and the capture of Vicksburg in July. These Confederate reverses and Walker's activities panicked the Erlangers.

They proposed that the bond money already paid in be used to keep up the price - that is, the Confederate government use its own money collected from both sales to hold up the price, the Erlangers to handle the transaction.

Mason objected. The Erlangers were firm either use the Confederate funds to hold up the bond prices or the banking firm would get out and close the books.

Little Choice The Confederate commissioners in Paris had little choice. Finally they capitulated and Mason signed an agreement empowering Erlanger et Cie to use up to \$5 million of Confederate funds to hold up the market.

First the Erlangers poured in \$2 million in two days. When they bought, the bond prices firmed. When they withdrew, the price fell.

All told about \$60 million went into the losing battle of the bonds, historians have concluded.

Overall the Confederacy seems to have come out with about \$2.50 million, pledging meantime to pay \$15 million plus 7 per cent interest.

The Erlangers appear to have made \$2.7 million on the deal.

The losers, largely Englishmen who sympathized with the South, were the subscribers who bought the bonds.

They lost everything because the North won the war and the bonds never were paid, nor was the cotton delivered.

Contracts Let In National Forest

Klamath Falls - Award of contracts for construction of improvements on the Winema forest being announced by Forest Supervisor A. E. Smith.

Quality Builders of Klamath Falls was successful bidder for construction of improvements at the Chiloquin Ranger station. The building program awarded to Quality Builders includes four residences, an office, warehouse, barracks and gas and oil house. Total price of the successful bid was \$133,428.

Another contract for buildings also at the Chiloquin Ranger station site was awarded to Kyle Construction company, Portland. This contract covers three residences and one equipment storage building and is awarded under the accelerated public works program. The Kyle Construction company bid was \$64,060.

It is anticipated that both projects will get under way soon depending, of course, on winter weather conditions.

A contract for two residences and an equipment storage building at the Chemult Ranger station is awarded to M. R. Holtz, Oakridge, at a bid of \$51,277. This construction project is also financed under accelerated public works.

Eldon Alt, Klamath Falls contractor, was successful bidder on comfort station facilities for the Aspen Point campground at Lake of the Woods.

The bid was \$34,465 for six units, also an accelerated public works program.

The award of these contracts completes the obligation of \$180,000 of accelerated public works funds made available to the Winema forest for expenditures in Klamath county, the forest service explained.

Force account work, including planting, timber stand improvement and hazard reduction, was included in the work programs. Employment under the accelerated public works project began early in November and extended into mid-January. Seventy-one man months of added employment were made possible through the force account projects.

The work accomplished included 100 acres of plantation on the Chemult district, 340 acres of thinning on the Chiloquin district, 200 acres of thinning and pruning in young Ponderosa pine stands on the Klamath district and 100 acres of area treated for hazard reduction, also on the Klamath district.

Deputies Check Into Tear Gas Bomb Throw

Compton, Calif. - Sheriff's deputies Saturday pressed the investigation into the hurling of a tear gas bomb into a crowd of some 500 persons Friday night at a Knights of Columbus meeting in a Catholic church.

Deputies said an estimated 30-75 persons were treated by Fire department inhalator squads at St. Albert's Great Catholic church after the bomb was thrown through a side door where a social and dinner was in progress.



MONEY SCARCE

From first to last, hard money was scarce in the Confederacy. In its entire four years of existence, the Confederate treasury was able to raise only \$25 million in metal money. Against this \$25 million, over \$1 billion in paper money was issued. Neither bond issue nor patriotic giving would provide the answer. The Confederate states lived out their years of life

with inflation

and a startling lack of funds. It even failed in its own excursion into international finance. Shown here is a reproduction of a \$100 bill issued by the Richmond government in late 1862. It is one of many styles of money issued by the South to make up the billion dollars

Feeding the Family

By ZOLA VINCENT Food Editor

West Coast Dairymen Meet Population Trends

Vigor or "Vigah," our dairymen have it. Undaunted by population trends, the dairy industry of our west coast states goes right on doing what comes naturally.

Few people realize that dairying is essentially a daily business and that it involves basically, milk, the most mobile of all food products.

The gearing has been going on for decades as men of the industry have continued to step up production, modernize, construct new facilities, anticipate needs. It is clear that the dairy industry is meeting all challenges and as we reflect that if one single consumer, new or old, could not find milk on any given day, there'd be quite a fuss.

In addition to filling fluid milk needs our state produces daily tremendous quantities of fine nutrition-packed cottage cheese, along with Cheddar and other fine cheeses.

Evaporated canned milk plants dot our western landscape putting it high in the nation in "evap" production. Another major dairy product in which we take pride is our nonfat dry milk industry that processes well over 7 1/2 million pounds of milk and put it into convenient packages for consumer use.

Smooth Pumpkin Pie Made with 'Evap' Delicious desserts to enhance menus the year 'round can be quickly and easily made with evaporated milk - the milk that whips. Convenient canned pumpkin keeps the rare flavor and color of pumpkin in menus throughout the year. This smooth creamy mixture goes into nine-inch single-crust unbaked pie shell.

9-inch single-crust unbaked pie shell 1 cup granulated sugar 1 1/2 teaspoons cinnamon 1/2 teaspoon each of cloves, allspice, nutmeg and ginger 1/2 teaspoon salt 2 eggs 1 1/2 cups canned pumpkin 1 1/2 cups (1 large can) undiluted evaporated milk 1/2 cup chopped walnuts

Prepare pie crust according to favorite recipe or use one of the popular pie crust mixes. Blend sugar, spices and salt; add eggs, pumpkin, evaporated milk and walnut meats; mix well. Pour into unbaked pie shell. Bake in hot, 425 degree oven, 15 minutes or until knife inserted in pie mixture comes out clean. Cool. Top with dollop of whipped cream or whipped evaporated milk.

Evaporated milk whips readily when thoroughly chilled, poured into a chilled bowl and whipped rapidly until very stiff with a chilled beater.

Tender Custards Made With Nonfat Dry Milk Instant nonfat milk is a very convenient dairy food

Dockers End Strike After Five Weeks

New York - (UPI) - The five-week-old longshoremen's strike ended Saturday as thousands of longshoremen worked on ships along the Atlantic Gulf Coasts.

New York harbor, the nation's largest, sprang to life as returning longshoremen worked on the huge backlog of shipping that had clogged the port.

Federal mediators in Mobile, Ala., announced that agreement had been reached there between the Mobile Steamship association and International Longshoremen's association Local 1410. The gulf port's dockers were scheduled to return to work this morning.

Losses in the strike had been estimated at \$900 million. The Coast Guard reported traffic in and out of New York harbor was "very heavy." It said it expected the unusual activity to continue for at least a week.

8-inch pie crust 2 eggs 3/4 cup instant nonfat dry milk crystals 1/4 cup sugar 1/2 teaspoon salt 1/2 teaspoon pure vanilla extract 1/4 teaspoon almond extract 1 1/2 cups hot water Topping\*

If it's a pie you're making, prepare an eight-inch pie crust using favorite recipe or a mix; chill before preparing filling. Mix together eggs, nonfat dry milk, sugar, salt and extracts until well blended. Stir in hot water. Pour into unbaked crust; bake 25 minutes. Cool.

Topping. For superb topping, combine three-fourths cup flaked coconut and three tablespoons light brown sugar; sprinkle over pie or arrange in a pattern. Place in a preheated broiler for a mere half minute or so just until coconut is lightly toasted. Chill before serving.

If it's custard cups you're making, omit almond flavoring. Pour mixture into custard cups, sprinkle with nutmeg and place in a pan of hot water at least one inch deep. Bake 50-55 minutes or until custard is barely firm when tested with blade of a silver knife. Remove custard cups to wire rack to cool, then chill.

Hawaiian Pork Beans Young Homemakers find meal planning a challenge met with ease, thanks to convenience foods. A well stocked pantry, plus a bit of imagination, and nourishing, eye-appealing meals can be made in minutes. See what can happen to canned pork and beans, luncheon meat and pineapple slices. Six servings.

2 cans (1 pound each) pork and beans with tomato sauce 1 can (12 ounces) luncheon meat 6 pineapple slices 2 tablespoons brown sugar 1 teaspoon prepared mustard 1 teaspoon Worcestershire

Empty cans of beans into shallow 12x8x2 inch baking dish. Slice meat into six or

eight pieces; place in center of beans in overlapping slices. Cut pineapple slices in half; arrange around meat in scallop design. Make a paste of remaining ingredients; spread over meat and pineapple. Bake in a moderate oven, 375 degrees, about 20 minutes or until beans are bubbling.

Pickled Beets Many people are extraordinarily fond of pickled beets; fix them often. If you've not treated your family to these lately - or if you have - make up a batch like this. You'll get six pints for enjoying now and also later.

3 1/2 pounds beets (12 medium) 1 cup cooking liquid 4 cups vinegar 1 cup sugar 1/2 cup mixed pickling spices 3 medium onions, sliced

Remove tops from beets, leaving 1 1/2 inches of stem. Cook until tender. Drain and save one cup of cooking liquid, vinegar and sugar. Add spices tied loosely in cheese-cloth bag. Bring to a boil. Add sliced beets and onions; boil gently five minutes. Remove spice bag. Pack while boiling into hot sterilized jars, filling to one-quarter inch from top. The vinegar solution should cover the vegetables. Seal each jar immediately when filled. As we said, six pints.

Morgan noted that the FPC, in regulating the natural gas and electric power industries on an interstate level, makes many decisions involving millions of dollars. A less-than-courageous commissioner, he said, might fear arousing an

Morgan Leaving Commission Because of Some Differences

By A. ROBERT SMITH Mail Tribune

Washington Bureau Washington - (Special) - Oregon's Howard Morgan has told President Kennedy he wants to be relieved of his post on the Federal Power Commission this Spring.

Morgan plans to return to Oregon, where he has a black Angus "attle

Smith, a breeding ranch near Sisters. He will probably plunge back into Oregon politics subsequently, possibly in a bid for state office. Morgan has been Oregon public Utility Commissioner, a state legislator and, as State Chairman of the Democratic party, was instrumental in getting Sen. Wayne Morse, a former Republican, to switch his registration to the Democratic party.

In a three-page letter to Kennedy, Morgan indicated he is leaving the FPC, when his term expires June 22, because of differences with the other commissioners, all of whom were appointed by Kennedy. He did not list the differences, however, but suggested that they "are clearly visible to those who have read the dissenting opinions which I have been obliged to write during my service here."

Urges Stronger Exertions Morgan's dissents have generally urged stronger regulatory exertions by the FPC respecting private power companies. He has privately expressed disappointment that his view in this respect is a minority view rather than the prevailing attitude of the Kennedy appointees.

"There are a number of reasons for my decision, but I am sure I should be considered less than gracious if I were to list them all," Morgan wrote the President.

Instead, he warned that the noble goal of public utility regulation, "standing as it does midway between the extremes of unbridled monopoly and undiluted state ownership" is undermined when "ordinary men" are entrusted with this tough assignment.

Recalling that outstanding lawmakers, such as George Norris, Hiram Johnson and Gifford Pinchot put regulatory laws on the books, Morgan said:

"Ordinary men cannot administer those laws today in the face of pressures generated by huge industries and focused with great skill on and against sensitive areas of government. Ordinary men yield too quickly to the present-day urge toward conformity, timidity and personal security."

Tends to Make Fraud When this condition exists, asserted Morgan, it tends to make utility regulation "a fraud upon the public and a protective shield behind which monopoly may operate to the public detriment."

"The big problem in the regulatory field is not exparte communications, influence-peddling and corruption, as that word is commonly understood, though where these problems exist they can be serious," Morgan said. "But abandonment of the public interest can be caused by many things, of which timidity and a desire for personal security are the most insidious, the least detectable and, once established in a regulatory agency, the hardest to eradicate."

Morgan noted that the FPC, in regulating the natural gas and electric power industries on an interstate level, makes many decisions involving millions of dollars. A less-than-courageous commissioner, he said, might fear arousing an

industry campaign against his reappointment to another term.

Only with courageous commissioners, Morgan added, does the public get "protection instead of platitudes; principle instead of puff-words and image - building; hard

work instead of 'streamlining' and wall-chart juggling."

Morgan claimed he wasn't accusing any of his four FPC colleagues of the undesirable characteristics he outlined - but his lengthy recital of the problem tended to belie his disclaimer.

The Medical Roundup

by Walter Alvarez

Emeritus Consultant in Medicine Mayo Clinic Emeritus Professor of Medicine Mayo Clinic (Register and Tribune Syndicate, 1962)

Operations For Convulsive Attacks A mother wrote recently to say that she has a child who occasionally has a convulsion.

New urologists have given Dilantin, a drug which has helped, but the mother keeps maintaining that she wants the boy's brain operated on so cured for life. She says that she is not going to give up until she finds a neurosurgeon who will do what she wants done. She is sure that with an operation, the child can be completely cured.

I fear she is wrong. Unfortunately, there are only a few children with seizures who can be cured with an operation, and usually a good neurologist can possibly tell if there is any possibility of this being done. He can learn much by asking the mother exactly what the seizures are like. In those cases in which an operation can be performed with some chance of success, the epilepsy is either what is called Jacksonian or it is called "psychomotor."

In cases of Jacksonian epilepsy, the attack is likely to start in one hand or foot or side of the face, and then spread to the rest of the body. A neurologist can then guess where in the area in which the "storm" starts.

In cases of psychomotor epilepsy, the person may start with some strange sensation - perhaps a feeling that the things he sees are receding into the distance or he is seeing something that he has seen before. Then for a moment he may seem absent-minded; he may behave in some odd way; he may seem to be chewing, or he may rub one eye. In cases like this the electroencephalograms may show that the disease is not scattered evenly throughout the brain - as it is in ordinary cases in which the cause is a hereditary tendency - but is concentrated in perhaps a "temporal lobe," over one ear.

During his many years in the great Neurological Institute in Montreal, Dr. Wilder Penfield and his associates put a stop to the seizure of many an epileptic by removing a little bit of the diseased brain.

A year ago a man walked into my office just to thank me. He said he was over 40 and from childhood onward had had so many curious seizures a day that he had never been able to go to school or to take a job.

Then one day his mother read a column of mine in which I had described Jacksonian epilepsy. She immediately said to her son, "This is a description of your spells." She took him to a nearby university medical school where the neurosurgeons operated and removed the bit of brain that had been sending out the "storms." The man said, "With that operation I became perfectly well, and now I am going to school so that I can

learn enough to get a job. I just want to say God bless you."

Histoplasmosis A few years ago physicians had hardly heard of histoplasmosis, and so we thought it was a rare disease; we thought it was largely confined to the valleys of the Ohio and Mississippi rivers. Now, Dr. Michael L. Furcolow of Kansas City, Kas., who for a long time has been studying this disease, says that it can be found in any river valley.

Birds are implicated in causing the trouble; their droppings favor the growth of the yeast-like parasite which produces the disease. Men should wear a good face mask if they have to clean out, let us say, a church belfry which is full of bird dung.

In from a third to a half of the patients, the disease looks like an influenza. There may be some calcification (lime deposits) of spot in the lung - calcifications which can easily be seen with x-rays. There is an acute form of the disease, like a pneumonia, and a chronic like tuberculosis. Often an expert can say that the small white spots in the film of the lungs look more like those of histoplasmosis than like the bigger ones of TB. A skin test can be made which will help greatly in making the diagnosis. One can be absolutely positive about the presence of the disease only after an expert shows the parasite, perhaps in test-tube cultures of the person's sputum. In the past, many of the patients in tuberculosis sanatoriums doubtless had histoplasmosis. Now, great efforts are being made to recognize quickly the cases of histoplasmosis, so that the patients won't be treated for tuberculosis.

The drug that has been found most helpful in combating the disease is an antibiotic called amphotericin B.

In his 24-page booklet, "What is Epilepsy?" Dr. Alvarez answers this question and clears up many misconceptions about the disease. You may obtain a copy by sending 25 cents and a 5-cent stamped, self-addressed envelope with your request. Address Dr. Walter C. Alvarez, Dept. MMT, The Register and Tribune Syndicate, Box 957, Des Moines 4, Iowa.

Rensselaer, N. Y. - (UPI) - Groundbreaking ceremonies were halted Sunday at the Redeemer Episcopal church when the Rt. Rev. Allen W. Brown, bishop of the Albany Episcopal Diocese, found the ground too frozen for his shovel. An electric jackhammer was provided and the bishop carried on.

Swem's Medford, Ore. 217 E. Main.

Hornbrook Blaze Damages Residence

Hornbrook - The third fire in eight days in the Hornbrook area, damaged a home Saturday afternoon in which the Leslie Fitzpatrick family was living.

The Hornbrook fire department fought the blaze, assisted by residents. Residents removed all furniture and other articles from the home, stripping it of its contents. The fire was confined to the roof and front of the residence.

Fitzpatrick was at work at the Agriculture department quarantine station at the time the fire was reported, shortly after 1 p.m. The fire is believed to have started from the stove flue in the attic, spreading to the roof.

DRIVER'S TOO EAGER Medford, Mass. - (UPI) - Robert Donnelly, 19, said he was only trying to give three hitchhiking brothers a lift when his car skidded on the slippery road and bowled over. Andrew, Samuel and Levi Stanley were not injured seriously.

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DAIRY TRIBUTE - We put benevolent bossy on a proper pedestal and pay tribute to the dynamic dairy industry that keeps well ahead of western population trends. Milk in its myriad forms makes many fine desserts, including this pie and other custard-type specialties included in today's food column. Image of a pie.

Valentines and Party Goods Swem's Medford, Ore. 217 E. Main. P is for PAYCHECK P is for PENNIES If you have only pennies left from your paycheck after paying monthly bills, give us a call. Ask for a Paycheck Stretcher Loan. CITY FINANCE COMPANY 185 E. Main St. - Phone: 482-2431, Ashland Life insurance available on all loans at low group rates \$25 TO \$1500 City