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SEC. CONTELYOU REPLIES TO THE SENATE RESO.

Statement Concerning Treasury Department's Action During Financial Panic

MORAL EFFECT OF ACTION OF TREASURY DEPT

The National Banks Were Exerting Themselves to Increase Circulation When the Treasury By the New Issues Placed at Their Command the Means to Do So—This Was the Main Action That Checked the Panic and Reduced the Premium on Currency, Says Mr. Cortelyou—He Says a Great Deal More Which Will Be Read With Interest.

(By Leased Wire to The Times.)

Washington, D. C., Jan. 29.—Secretary Cortelyou's reply to the senate resolution calling upon him for a statement covering his department's action during the financial panic, was presented to the senate today. The communication embodies one of the most elaborate statements of government financial conditions and operations ever made.

The secretary first summarizes the operations of the treasury for the past few months and follows with a detailed statement of the methods and reasons for some of the steps taken.

"While the action of the department," he says, "in placing large sums in the national banks in New York was subjected to some criticism, it was amply justified by the conditions as they then existed and as they have been disclosed in the light of subsequent events."

The fact that the national banks were exerting themselves to increase circulation and that the treasury by these new issues placed at their command means of doing so, undoubtedly had a moral effect which tended to check the panic and reduce the premium on currency. The banks were hampered, however, before the announcement of the new government issues, by the rapid advance in the price of two per cent bonds. These bonds sold as high as 110, and even at this price the supply in the market obtainable by national banks was extremely limited in quantity.

"It was with a view to relieving this situation and counteracting the premium on currency, which was itself a stimulus to hoarding and which practically interrupted exchange between different cities, that it was decided on November 17 to receive applications for subscriptions for \$50,000,000 in Panama Canal bonds, under the act of June 28, 1902, and \$100,000,000 in 3 per cent certificates of indebtedness, under the act of June 13, 1898. One of the direct effects of these issues was to afford to the banks the means of increasing their circulation. If the proceeds of these issues had been retained in entirety in the treasury the increase in bank circulation would have been offset by the amount paid by the banks for the bonds. By providing, however, for the transfer to the banks of a part of the purchase money as an addition to their holdings of public deposits at the time, a very considerable net increase in circulation became possible."

"The character of the new issues of securities of subscription on the 19th of November last was such that it was anticipated that most of the subscriptions would come from national banks. The two per cent bonds afforded such privileges to national banks as a basis of note circulation that there are strong inducements to the banks to outfit private investors, who would find in the bonds nothing more than the best form of security paying only two per cent per annum. It was expected and this expectation was fulfilled—that the bonds would be used chiefly as a basis for additional bank note circulation, and that such circulation would contribute its share to relieving the acute pressure for currency which existed throughout the country. Even if there had been no other justification for limiting subscriptions to national banks, this consideration—that the bonds would be used to meet the pressure for currency—would, in the opinion of the department, have justified an absolute restriction of the awards to national banks."

"After careful analysis of the bids received, the conclusion was reached by the department that if bids were awarded to individuals in large sums it would have the tendency to cause still further relatively small reserves (Continued on Page Eight.)

RAILWAY RATE DEBATE STILL ON IN SENATE

Fine Speeches Today by the Senators From Robeson, Halifax and Others

LARGE CROWD LISTENS TO SENATOR M'LEAN

Upper Branch of General Assembly Sticks Its Counter Deep Into the Argument of the Pending Special Order and a Half-Dozen Excellent Speeches Result—Senator Lovell's Vivid Remarks—Mr. Polk Talks to the Point—Mr. Fleming Thinks There is Too Much Talk. A Number of Local Measures Are Acted Today—Test Farm of Transylvania County to Be Sold. Notes and Incidents of the Day's Session of the State Senate.

The three-and-a-half hour session of the state senate today was consumed after the morning hours' business had been completed, by the delivery of a number of unusually excellent speeches by senators on the pending unfinished special order, being the senate committee's railway passenger rate bill, providing for a flat rate of two and a half cents (the full text of the bill was printed in The Evening Times last week, the day it was reported by the committee.)

The limited time in which an afternoon paper has at its disposal between the time of the delivering of these speeches and the time this paper must go to press, precludes the printing of full reports of the speeches of these gentlemen, only an extended outline of those first delivered and briefer references to those following them, we would otherwise content ourselves with, are possible, under the conditions. Some of the speeches had not been completed when the first edition of this paper went to press.

This explanation is made because some of our friends do not appear to be advertent to these facts, some of them apparently taking it for granted that we can as easily report at length the debates as fully and completely as a morning paper, which has fully twelve hours longer to get up the reports and put them into type.

The senate reporter wishes to state, however, that all the speeches today of the able gentlemen who produced them, and were edifying not only to the senate, but as well to the large number of spectators in the lobbies and galleries.

The happy remarks of Senator Lovell, in prefacing his excellent argument, were thoroughly enjoyed. The county of Watauga has more than once had occasion to feel proud of its present representative in the upper branch of this general assembly.

The speeches of Mr. Daniel, (one of the ablest men in the senate), and of Messrs. Breesie and Fleming (two of the strongest of the younger senators) and those of Mr. Polk and Mr. Holt were pregnant with the learned ammunition which they fired in defence of the position they took on this at present all-important question.

Other than the discussion of the rate bill, very little was accomplished in the senate today. The state board of agriculture was authorized to sell the test farm owned by the state in Transylvania county. Mr. Mitchell (who is a member of the agricultural board) stated that the farm had abandoned this and would never have further use of it. Mr. Breesie protested and tried vainly to defeat the passage of the bill. A resolution was adopted providing for the payment of the principal of the additional work they have to perform after the session adjourns, under the terms of Chapter 66 of the revision. A number of local bills on the calendar were disposed of, none of them of any general interest.

Senate Proceedings in Detail. Senator Brown, of Yadkin, made the opening prayer in the state senate this morning when the eighth day's proceedings were begun at 10:30 o'clock.

A NUMBER OF AMERICA'S FAMOUS FINANCIERS EITHER RETIRED OR ARE GOING TO LEAVE THEIR FORTUNES IN HANDS OF SONS



A number of America's most famous financiers either recently have retired or are on the eve of retiring from active business, leaving the conduct of their gigantic business interests in the hands of their sons. In this picture are shown four of the young men who are now to take up the work laid down by their distinguished and successful fathers. From left to right they are J. Pierpont Morgan, Jr., John D. Rockefeller, Jr., H. H. Rogers, Jr., and Earl P. Shaw, son of the former Secretary of the Treasury. Their fathers are sketched standing behind their sons.

CURRENCY BILL TO BE REPORTED

Sen. Aldrich Gives Notice to Democratic Members

OF CHANGES TO BE MADE

The Emergency Circulation Authorized is Increased to \$500,000,000. This Makes Such Securities Issued For the Construction of Parks, Roads, Water Works, Gas, Etc., Available.

(By Leased Wire to The Times.)

Washington, Jan. 29.—The Aldrich currency bill will be reported to the senate tomorrow, Senator Aldrich has acquainted the democratic members with the changes the republicans have practically decided must be reported.

The provision regarding the use of municipal bonds as security for emergency circulation was made more specific by the inclusion of all quasi-public bonds that have paid 4 per cent interest for five years. This makes such securities issued for the construction of parks, roads, water works, gas works, etc., available. As already has been stated, the amount of the emergency circulation authorized is increased to \$500,000,000 and provisions incorporated for keeping notes on bank sub-treasuries and the authorization to the treasury department to proceed to the collection of data concerning municipal bonds.

The section relating to the filing of railroad bonds will remain in the bill, although it has been determined to re-write it into more definite form. The committee has demanded that it be put in such shape as to afford instant knowledge to the treasury authorities who are to issue currency based on their security that the railroad bonds offered are of the proper character and value.

At the meeting of the committee tomorrow the democrats will offer their substitute which will prescribe the issuance of treasury notes in the shape of deposits in designated depositories, to be protected by the securities prescribed in the Aldrich bill.

Gorilla Negro Arrested. (By Leased Wire to The Times.) Owings, Md., Jan. 29.—John Harnden, colored, has been placed in custody on the charge of criminally assaulting and robbing Mrs. Maggie Buggie, a widow, near Mt. Harmony, a station on the Chesapeake Beach Railroad.

RATE BILL IS UP IN HOUSE

Subject of Discussion by Members Today

MANNING STANDS PAT

Advocates the Present Rate With Few Modifications and Reviews History of Legislation—Mr. Manning for Compromise—Other Matters Done in House Today.

(By Leased Wire to The Times.)

The house today took up the rate matter business and there was a deal of argument both against and in favor of the compromise of Governor Glenn. Mr. Manning of Durham championed the "standpatters," those who are against the compromise and in favor of the 2 1/2-cent rate. Mr. Manning of Gaston followed Mr. Manning for the compromise measure.

There were three things considered at once—the two minority reports and the substitute bill.

The house passed a number of local bills.

Proceedings Today. Senator Brown offered prayer at the opening of the house today.

Mr. Harshaw introduced a bill to repeal passenger rate law.

Mr. Galloway of Greene; Concerning deprivations of domestic fowls in Greene county. It passed third reading.

Mr. Harshaw offered a resolution to have the house, the senate concurring, adjourn tomorrow at five o'clock. There was objection and the resolution went to the calendar committee.

Mr. Blount called for the passage of the local bills before the special order was taken up. This was decided upon.

Bills Passed. To incorporate Hiawasse Railroad Company. To submit question of special school tax Middle Creek township, Wake county. To amend charter of Murphy, Cherokee county. To authorize secretary of state to correct law so as to enlarge limits of Fayetteville. To authorize Statesville to issue bonds without election. To authorize Lumberton to issue bonds.

Special Order. The chair suggested that the two minority reports be presented together. Then Mr. Manning of Durham (Continued on Page Two.)

BRYAN IS THE MAN OF HOUR

Democrats in Both the Senate and House Favor Him

THIS YEAR IS THE ONE

Mr. Bryan Has Sought to Impress Upon Every Man With Whom He Has Talked the Conviction That This Year is the Appointed Time for a Democratic Victory With William J. Bryan as Nominee.

(By Leased Wire to The Times.)

Washington, D. C., Jan. 29.—William Jennings Bryan left Washington firmly convinced that he was the man of the hour, and that every democratic member of the house and, with the exception of two or three, the democratic membership in the senate, were unanimous for him as the standard bearer in the presidential campaign of 1908, and, too, Mr. Bryan has sought to impress upon every man with whom he has talked the conviction that this year is the appointed time for a democratic victory with himself as the candidate, and that, no matter whom the republicans may select as their candidate he is bound to win at the polls.

Probably the most conclusive evidence that has yet been offered to show that Mr. Bryan is far from unpopular with a large proportion of the democratic members of the house, was such members taken yesterday.

In this poll, which was taken by four men, who went at the work without prejudice, Mr. Bryan is shown to have behind him the support of 167 members of the house, while his nearest competitor for the honor of the nomination, Governor Johnson, of Minnesota, but sixteen.

JACK LONDON WILL SHIP NEW CREW

(By Leased Wire to The Times.) New York, Jan. 29.—Jack London, who has been making a tour of the world in his boat Snark, has notified the magazine which employs him that he will have to ship a new crew when he returns from his visit to San Francisco where he is now, to Papeete, Tahiti, where his boat is undergoing repairs.

According to Mr. London, Captain Warren, Martin Johnson, his engineer, as well as a sailor and his two Japanese servants, have been bitterly disappointed at their failure to meet with the adventures which they were sure must result from a trip with Jack London.

CURTAIN RUNG UP FOR LAST TIME

The Last Act in the Thaw Trial Now Being Enacted

THE HOUR ARRIVES

The Witnesses For and Against the Prisoner Have Brought Their Little Budgets of Information, Aired Them and Went Their Way—Summing Up of Lawyers, the Judge's Charge to the Jury.

(By DOROTHY DIX.)

New York, Jan. 29.—The curtain has been rung up for the last act in the Thaw tragedy. The evidence is all in. The witnesses for and against the prisoner have brought their little budgets of information, opened them and gone their ways and all that is left now to be done is the summing up of the lawyers, the judge's solemn charge to the jury, and then—whatever the gods will for Harry Thaw.

It is strange and curious how Thaw's fate in both trials has hung upon the story told by a woman on the witness stand. In the first trial it was the story of his wife's wrongs that was depended upon to influence the jury. It was a touching and moving story, so terrible in its recital of childish innocence betrayed by the hand it trusted that had the twelve men in the box believed it they would have cleared the man who killed Stanford White—they would have gone out and built a monument to him.

This trial, it is the story of Thaw's mother that will save him from the electric chair. It is a pitiful story as ever woman told of a child coming into the world sickly with unstrung nerves and an undeveloped brain and with the taint of insanity and epilepsy inherited from both sides of the family, latent in every drop of blood which coursed through the feeble frame.

Nobody who heard the proud old woman tell that story with trembling lips will doubt one word of it, as it was wrung from the very depths of her soul.

She would rather have died than have told it, and nothing but the saving of a life dearer to her than her own could have nerved her to make the supreme sacrifice.

LITTLETON NOW ADDRESSING THE THAW JURY

With the Caution of a Past-master, the Texan Pleads For His Client.

CRITICAL DAY FOR THE NOTORIOUS PRISONER

As if His Reputation Were at Stake Littleton Proceeds to Go With Hammer and Tongues After the Defendant—The District Attorney Wants to Send Thaw to the Electric Chair—Mr. Littleton is Using the Greatest Care to Draw a Line Between Thaw's Condition Prior to and at the Time of Madison Square Garden Tragedy.

(By Leased Wire to The Times.)

New York, Jan. 29.—Martin W. Littleton, chief counsel for Harry K. Thaw, with the caution of a past-master in legal argument, began a delicate piece of work soon after court convened this morning. He told the jury why Thaw should not be held responsible for the killing of Stanford White, maintaining that he was absolutely insane.

Jerome listened as intently as if his whole reputation were at stake, and by his manner evinced that when he sums up he will no doubt go after the defendant hammer and tongue. The district attorney wants to send Thaw to the electric chair.

Mr. Littleton is exercising the greatest care to draw a line between Thaw's condition prior to and at the time of the Madison Square Garden tragedy and the present. He is carefully guarding against making Thaw out a maniac.

The young Pittsburger's strange life up until the time of the tragedy is being reviewed by his lawyer and it is expected that before he finishes Mr. Littleton will urge that although Thaw was born under conditions calculated to cloud his mind he is sane now—made so by the shock of the tragedy and by the source of taunting persecution which temporarily made him dangerous.

Jerome's decision to present his case without calling alienists or submitting the hypothetical question caused Littleton to change his plans at the last minute. He had intended working up his case before he summed up to that point where the jury would be convinced first of Thaw's insanity prior to the shooting and second of the restoration of his sanity by testimony from Thaw himself.

Jerome knew of this plan and was waiting only to get a chance at cross-examination when he hoped to prove that Thaw was as sane as a man could be and therefore responsible for the killing of White.

Jerome did not introduce the testimony of alienists for the state because Littleton had gathered such a mass of evidence showing insanity and could base questions on this evidence that would shake the witnesses for the prosecution.

The district attorney also decided to forego the hypothetical question because of the necessity of including the convincing testimony that Thaw was irrational from childhood.

The jury can bring in any one of six verdicts, as follows: First degree murder; penalty death in the electric chair.

Second degree murder; penalty life imprisonment. Manslaughter, first degree; penalty twenty years in state prison.

Any minor degree of manslaughter down to simple assault. Not guilty.

Not guilty on the ground of insanity. This verdict carries the responsibility of committing the accused to an insane asylum. If this verdict is brought in and Thaw is sent to an asylum, Littleton will move for the appointment of a commission to examine into Thaw's present condition of mind. As a basis for this appeal to the courts Littleton has the finding of the commission appointed at the last trial which said that Thaw was sane.

It will be remembered that all evil (Continued on Page Two.)