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TRYING TO STRIKE A FAIR BALANCE

President Has Discovered That Strictest Economy Is Nec- essary For Present

RECEIPTS FALLING OFF

With Deficit Piling up at Rate of \$2,000,000 to \$3,000,000 a Day President is Advising Retrenchment in All Departments so as to Make Good Showing Before he Retires From Office—Receipts Falling Away Behind Expenditures. Army and Navy Will Probably be Heaviest Hit.

(By Leased Wire to The Times.)
Washington, Oct. 16—In going over with the various members of his cabinet the preliminary work incident to his last annual message to congress, President Roosevelt has discovered that the strictest kind of economy will be necessary from now on to make a reduction in the deficit which is being piled up at the rate of between \$2,000,000 and \$3,000,000 a day. The receipts of the country are falling way behind the expenditures and the president is anxious to strike a fair balance before he retires from office on March 4.

All heads of department have been ordered to retrench to the utmost possible limits. The appropriations for last year amounted to more than a thousand millions, and although strenuous efforts will be made to secure a reduction in this total, it is doubtful if it can be done. This is largely due to the fact that all of the departments are growing and instead of asking for smaller appropriations than were made last year, larger sums will be imperative.

This is especially true of the post-office department. A part of the enormous deficit of \$35,000,000 now existing is due to the fact that the post-office department called upon the treasury for \$4,000,000 in July and that this department has already called upon the treasury in the first half of October for an additional \$5,000,000 in excess of the appropriation for the department. A large part of this money has been paid out to railroads for carrying mails. Postmaster-General Meyer has issued orders for close supervision of all estimates being prepared in his department and when they have been submitted to him they will cut down to the bone.

The army and navy probably will feel the retrenchment orders more than any other branch of the government. Secretary Mitchell is giving personal supervision to the estimates which are being prepared, and present indications are that the only extensions which will be permitted are those which are absolutely necessary. The same is true of the army.

Under the law all estimates were due at the office of the secretary of the treasury yesterday, but Secretary Cortelyou said today that all of them had not yet been received. He declared, however, that some encouragement over the financial situation of the government was to be found in the increase in custom receipts. These receipts on September 1 were \$758,454.35. On October 1 they amounted to \$964,090.24. The internal revenue receipts on September 1 were \$259,519.91, and on October 1 they were \$225,896.47. On October 12 they amounted to \$1,289,066.88.

CARRIER ROBBED LETTERS.

Has Been Robbing the Mails for Fifteen Years—Caught by "Test" Letter.

(By Leased Wire to The Times.)
Chicago, Oct. 16—Robert F. Palmer, president of the city letter carriers' association of Illinois, was arrested yesterday on a charge of robbing the mails.
He made a written confession to Postoffice Inspectors Elston and Llewellyn that he has been pilfering letters for sixteen years and that the amount of money stolen is large, although he kept no account of it. Palmer is a letter carrier of Joliet.

In his possession when taken into custody the inspectors found a \$1 marked bill which they had inclosed in a "test" letter. A 50 cent silver piece, also marked, was taken from the same misstive. Palmer tore the letter into bits and threw the pieces away. His action was seen by the inspectors, who followed him over his route and the destroyed letter was discovered.

The arrest of Palmer clears up the mysterious thefts at the Joliet post-office covering a period of more than fifteen years.

Count Tolsti on His 80th Birthday.



Latest picture of Count Tolsti, from a photograph taken on the day he was 80 years old.

TWO INJURED IN EXPLOSION

(By Leased Wire to The Times.)
New York, Oct. 16—In a series of explosions of varnish, naphtha and other combustibles in the paint shop of Bernard Waitze, at 332 Stockton street, Williamsburg, Waitze and his assistant, Abraham Fine, were mortally burned. The explosions wrecked the shop, smashed windows, shook down ceilings and toppled over walls of the building, a three-story frame structure.

Waitze, the owner of the paint shop was burned on the head, face and body and taken dying to his home, 323 Vernon avenue. Fine, the helper, aged 28, was burned on the head and body and removed to the hospital.

When the first explosion came Waitze was pouring varnish out of a barrel into a can. The fumes came in contact with a candle. Instantly there was a terrific explosion. Waitze and Fine were enveloped in flames. The burning varnish having spread over them. The first explosion was followed quickly by others. These were caused by naphtha and other inflammable liquids catching fire.

USING BANK GUARANTEE.

Oklahoma Using Guarantee Fund to Pay For State Whiskey.

(By Leased Wire to The Times.)
Guthrie, Okla., Oct. 16—If a state bank failure should occur in Oklahoma, would the depositors be willing to accept state whiskey warrants instead of cash in being reimbursed from the bank guaranty fund?
This question was asked yesterday when the statement was made that in buying the last carload of whiskey for the state dispensary system the bank guaranty fund was checked on to pay for it. The assertion was made positively and is causing much speculative comment.

In using the bank guaranty fund with which to purchase state whiskey it is understood warrants on the dispensary would be given as security. Such warrants draw six per cent interest.

HAZED BY CO-EDS.
Seven Girl Freshmen Tie Male Sophomore to a Tree and Torment Him.
(By Leased Wire to The Times.)
Alton, Ill., Oct. 16—That co-education in at least one sense is a success was proved yesterday when seven co-ed freshmen of Shurtlee College gave Raymond Carr, a member of the sophomore class, a hazing he will not soon forget.

AEROPLANE FALLS TWENTY FEET

(By Cable to The Times.)
London, Oct. 16—The army aeroplane with which experiments have been carried on for some time at Aldershot and which has so far shown more capacity as a lawn mower than a flying machine, fell twenty feet today and was wrecked.

Captain F. S. Cody was on board and was thrown out, but was not hurt. Captain Cody had made several circles at a height of forty feet, covering a distance of 500 yards when he then attempted to make a sharp turn in order to avoid a clump of trees, and the machine slewed around, lost its balance and fell.

Captain Cody is an American who has been a number of years in the British military service in connection with its kite, balloon and aeroplane work.

CHARGES OF GRAFT AIDED.

Inspector General Garlington Hears Charges Against Panama Canal Officials.

(By Leased Wire to The Times.)
Washington, Oct. 16—Inspector-General Garlington, at the war department this morning, listened to the charges of graft made by William F. Brothers, of New York, president of the Balanced Crane Company, against officials and others conducting the work on the Panama Canal. General Garlington was assisted by Colonel George W. Goethals, chairman of the Panama Canal Commission, in the examination of witnesses.

Attorney Samuel Bell Thomas, of New York, representing Mr. Brothers, explained to general Garlington that his client refused to appear in Washington.
"But I am here to get at the bottom of these charges," said Mr. Thomas. "We want the truth and that is all."
"The government is even more anxious than you are to get at the bottom of these charges," said General Garlington.

FOURTEEN DEAD IN TRAIN WRECK

Relief Train Carrying Women and Children Derailed in Northern Michigan

WORK OF FOREST FIRES

Wreck Was Caused by Rails Becoming Hot From Forest Fires—Train Was Carrying Refugees From the Town of Metz, Which Had Been Destroyed by the Flames—Wires Are Down and Reports Incomplete, But Fourteen Are Known to be Dead—Several Towns Destroyed.

(By Leased Wire to The Times.)
Alpena, Mich., Oct. 16—The most terrible catastrophe in the history of northern Michigan occurred at 1 o'clock this morning when a relief train of box cars carrying women and children from the stricken town of Metz tipped over, owing to rails spreading, caused to the heat from the forest fires.

There are fourteen known dead, nearly all women and children. John Kinville, engineer, is dead. Arthur Lee, fireman, and William Barrett are missing and are supposed to be dead. William Foster was badly burned and it is feared he cannot recover. All are from Alpena except the women and children.

A relief train left here at 8 o'clock this morning for the scene of the wreck near Pulaski with surgeons and with wreckers.

All wires north of Alpena and reports are incomplete. The losses caused by the forest fires heavy in Alpena county. Not a building in Boyton remains standing except a church. The loss there includes \$20,000 worth of cedar. In Long Rapids township, the large residence of Charles Keating was burned and at Long Lake two cottages, barns, boat houses and the season's crops of John W. Fitzgerald were devastated.

The entire fire department and all available hose with two engines worked on the brush fires in the southern city limits of Alpena all last night. The big Moench lumber and bark piles were saved. When this fire was at its worst, fire broke out in the brush north of Alpena. It was under control by night. Alpena was fighting fire all last night. Only a shift in the wind saved the hotel Adrian, the country club house, and other places at Long Lake.

It is reported here that the towns of Metz, Pulaski, Millersburg and Posen have been totally destroyed. Only a few farm houses remain standing along the railroad between Alpena county line and Millersburg. The town of Pulaski was burned out at 4 o'clock this morning. There is no relief in sight by rail.

Seventeen Are Dead.

(By Leased Wire to The Times.)
Millersburg, Mich., Oct. 16—Seventeen men, women and children were burned to death when the train which left Metz Wednesday afternoon to take the people out of the fire, which destroyed the town, ran into a burned out culvert and was unable to proceed. They were trapped on all sides by raging flames and cremated in the fiery furnace. Only two, Conductor Kinville and Engineer Foster, escaped, crawling out to Posen on their hands and knees. Kinville is blind and Foster terribly burned.

TRAMP BUYS HOTEL.

After Twenty Years on the Road He Settles Down.

(By Leased Wire to The Times.)
Colorado Springs, Colo., Oct. 16—H. P. Craig, of Detroit, Mich., for twenty years continuously on the road as a tramp, has bought the Huerfano Hotel here and will settle down permanently. Craig's mother died in Detroit recently, leaving him \$30,000. He is a member of an old family, is well educated and was admitted to the Michigan bar at nineteen. He has tramped all over this country from mere love of it.

Bridge Dynamited.

(By Cable to The Times.)
St. Petersburg, Oct. 16—A dispatch from Belgrade to the Novoe Vremya says that the railway bridge over the Bosna river, at Vrاندuk, has been destroyed by dynamite, thus cutting off communication with Schavgo, the capital.

THE MORSE TRIAL NOW IN PROGRESS

District Attorney Character- izes Morse as Worse Than a Common Gambler

HE DOMINATED CURTIS

Jury Locked Up Over Night and Guarded by Secret Service Men for the First Time Here in Twenty-five Years—Both Morse and Curtis Will Take the Witness Stand—Morse Will Try to Defend the Transactions But Curtis Will Go Fully and Frankly into the Matter.

(By Leased Wire to The Times.)
New York, Oct. 16—With Chief Flynn, of the United States secret service and twelve of his best detectives keeping a constant watch on the jury, defendants and witnesses, the trial of Charles W. Morse and Alfred H. Curtis, formerly president of the National Bank of North America, was resumed before Judge Hough in the federal court. The jury had been locked up over night in the Astor house and was guarded by secret service men. This is something that has not been done in a criminal or civil case in the local federal courts in twenty-five years.

In opening the case for the prosecution, United States District Attorney Stimson characterized Morse as lower than a common gambler. It has been definitely ascertained that both Morse and Curtis will take the witness stand. But while Morse will try to defend his course in using bank funds for his ice trust pool, his steamship consolidations and the other manipulations, Curtis it is understood, will go fully and frankly into the transactions in which he was the lesser figure.

Throughout his opening, which lasted for nearly two hours, Mr. Stimson dwelt with particular emphasis on Morse's domination over Curtis. As his first witness Mr. Stimson called Charles A. Hanna, United States bank examiner and receiver of the National Bank of North America and thirty monthly reports made by the bank. They were not examined this time.

While some copies of the reports made to the comptroller of the currency by the officials of the bank during 1906 and 1907 in obedience to his call were being submitted in evidence, Lawyer MacFarlane made this astonishing declaration: "While we admit that it is Mr. Morse's signature which appears on these reports, we do not admit that he ever read them or ever knew their contents."

Later a paper was identified by which it was shown that Miss Kate A. Wilson, Morse's secretary, had Morse's power of attorney and kept it on file in the bank. This power of attorney was dated May 29, 1906. When the court proceedings were resumed today Cashier Edward B. Wire was recalled to the stand. Assistant District Attorney Wise handed two letters to the witness for identification. They were addressed to Mrs. William Galsbome and signed "J. A. Wilson." Miss Wilson was Morse's secretary and is expected to figure prominently in the trial.

Morse showed the effects of strain and nervous worry when he reached court and during the testimony of Mr. Wise he moved restlessly in his seat and constantly prompted his lawyers.

"Did the Bank of North America at any time own stock in any corporation?" asked Mr. Wise of the cashier. "Yes, it did."
"Would that stock show on the stock and bond records?" he continued.

"It certainly should."
Lawyer MacFarlane fought to exclude this testimony. Wise was preparing to show that American Ice stock was not on the list although actually paid for with the institution's funds.
Wise said that he received each day a daily statement of loans. "Who prepared that statement?" "The head bookkeeper."
Mr. Wise attempted to prove that the statements emanated from the inner office occupied by Morse but had to withdraw his questions after Mr. MacFarlane objected.

This ended the direct examination (Continued on Fifth Page.)

Grand Duches Elizabeth.



Grand Duchess Elizabeth, sister of the Czarina and widow of the Grand Duke Sergei, has entered a manory near Moscow.

SUMMARY OF THE POLITICAL NEWS

(By Leased Wire to The Times.)
New York, Oct. 16—Treasurer Ridder's figures showed that the democratic national campaign fund figures up to October 9, \$248,567, of which all but \$22,694 had been expended. Chairman Mack gave out a supplemental statement showing receipts of \$12,550 from 70 contributors between October 9 and 14.

Mr. Bryan concluded his three days' tour of Nebraska, speaking to large crowds, and left for Denver. He called President Roosevelt an imitator, said every predatory corporation in the country is back of Speaker Cannon, and that if Cannon's most intimate friend, Sherman, was chosen to preside over the senate the people would be unable to obtain any remedial legislation.

Mr. Kern yesterday spoke at a noon-day meeting on Broadway and in Tammany hall. He urged that the election of Bryan would restore and not destroy business confidence.
Mr. Taft received a warm welcome in Kentucky and made speeches in several cities yesterday. For the first time in three weeks he discussed the question of guaranteeing bank deposits. Unfortunately a chair broke under him and he fell to the floor. His careful investigation of the next chair offered caused laughter.

Mr. Sherman spoke yesterday on protection at Jamestown, N. Y. He seemed to enjoy disobeying his physician's direction to talk only in whippers and to remain indoors as much as possible by conversing with all who came along and taking an automobile ride.

A reception is being held at the national democratic club in New York City this afternoon for Candidate Kern. He speaks in Brooklyn tonight. Among the prominent republicans who will address the audiences in New York today are Vice-President Fairbanks, Governor Stuart, of Pennsylvania, and Lieutenant-Governor Murphy, of Pennsylvania. Candidate Taft is scheduled to speak in the following Tennessee towns today: Knoxville, Nashville, Chattanooga, Johnson City, and Bristol.
Candidate Bryan will arrive in Denver today and deliver an address there tonight, hurrying eastward again.

FLEET REACHES YOKOHAMA TODAY

Welcome Will be Extended Tomorrow According to Original Program

THE JAPS ENTHUSIASTIC

Thousands of Craft With Thousands on Board Are Now Outside the Harbor Patiently Waiting for the Arrival of the Fleet—In Constant Communication by Wireless With Ships—Are Being Convoysed by Japanese Fleet—Thousands of Out-of-Town People Are Crowding Into the City.

(By Cable to The Times.)
Yokohama, Oct. 16—Thousands of craft, with enthusiastic thousands on board, are now on the outside of the harbor patiently waiting to catch the first glimpse of the American battleship fleet which is expected to come into view sometime today. Many of the merchant vessels are equipped with wireless telegraph instruments and these vessels, as well as the shore stations, are in constant communication with the Japanese fleet which met the Americans and are now conveying them to this port. Every vessel that could possibly go outside has left the harbor, and hundreds of launches and sailboats have ventured far beyond the usual limits for these craft.

While the fleet will arrive off the harbor this afternoon, the original program which provided for their arrival tomorrow morning will probably be carried out.

A big buoy has been assigned to each American ship in a double line extending from almost directly in front of the city to a point one mile below, on the easterly side of the harbor.

The Japanese fleet will anchor directly opposite the Americans on the westside in the same order.

Thousands of out-of-town people are arriving on every train and the decorations of the streets and buildings far surpass anything of the kind ever attempted in Japan.

The gunboat Yankton, the advance guard of the fleet, steamed into the harbor this morning and received an enthusiastic greeting, but it was the desire of all the people to see the great fleet in its fighting form, and not a single gunboat. For gunboats of all the world swing into the Yokohama harbor at all times and the sight of a single fighting machine is nothing extraordinary.

The reception committee left Tokyo this morning and arrived at Yokohama later in the day to take part in the festivities. Baron Saito extended a cordial greeting to the Americans of the fleet on behalf of the nation and said that all Japan was eagerly awaiting a sight of the great naval power of the United States.

FOREST FIRES IN MICHIGAN.

Are Raging With Extraordinary Fierceness—Two Villages Destroyed.

(By Leased Wire to The Times.)
Detroit, Mich., Oct. 16—Forest fires have broken out all over northern Michigan and are raging with extraordinary fierceness.

Two villages, Metz and LaRoque, a few miles apart, in Presque Isle county, have been destroyed. The inhabitants escaped on special trains sent through the flaming forests. Half a dozen other villages, some in the upper peninsula, some in the northern part of the lower peninsula, are threatened with destruction. The cities of Alpena and Cheboygan are also menaced.

SEAT RATES REDUCED.

Pullman People Cut Rates in a Small Way All Over Country.

(By Leased Wire to The Times.)
Chicago, Oct. 16—Seats rates in every Pullman parlor car have been reduced, according to a new schedule sheet which has just been filed by the Pullman Company. The new schedule, which covers the entire country, is intended as a substitute for the company's four rate sheets of the northwestern, northeastern, southwestern and southeastern districts.
"The new book is a re-adjustment rather than a regulation of rates," said General Manager Richmond Dean. "There are a few general reductions besides the small seat rate cut, but none is of great importance."