

The Lancaster News.

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\$1.50 A YEAR.

WILL DEPOSIT GOLD IN BANKS IN COTTON STATES

If Necessary \$30,000,000 Will be Deposited in Reserve Banks to Aid Cotton.

NO INTEREST CHARGE.

Create a Basis for Enlarged Credit in the South—President Confers on the Situation.

Washington, Aug. 23.—Secretary McAdoo announced tonight that in view of the action of the allies in putting cotton on the contraband list he would if it became necessary deposit \$30,000,000 or more in gold in the federal reserve banks at Atlanta, Dallas and Richmond for the purpose of enabling the reserve banks to re-discount loans on cotton secured by warehouse receipts made by national banks and state banks belonging to the federal reserve system.

The gold would be deposited temporarily, at least, without interest charge. It was explained that it appeared that the object could be accomplished with greater efficiency thereby, the deposits would be made directly with national banks agreeing to lend the money on cotton at a rate not to exceed 6 per cent.

The announcement came at the close of a day of speculation in official circles as to the nature of steps which the Entente powers have indicated they would take to uphold the cotton markets in the face of their contraband order.

"In the exercise of the discretion given to him by law," read a treasury statement, "Secretary McAdoo said that the government will for the time being charge no interest on these deposits in federal reserve banks; that such action is justified by the unusual situation respecting cotton caused by the European war; that he considers it his duty to use every available means in his power to help the cotton producer of the South in the circumstances; that it is a matter of economic importance to the entire nation that those who have produced the cotton shall have a fair opportunity to dispose of it gradually and in an orderly manner so they may not be forced, through inability to market their cotton gradually, to sell it at sacrifice prices.

"The secretary said that one of his chief objects to create a basis for such enlarged credits in the South that the banks will have ample resources to extend to producers such accommodations that they will be able to carry cotton in warehouses for a reasonable length of time until it can be marketed advantageously. In order to accomplish this, he said that the national and state banks which are members of the federal reserve system should make loans on warehouse receipts for insured cotton at low rates of interest; that the banks can well afford to carry cotton for producers at 6 per cent especially if they are able to re-discount cotton paper at the federal reserve banks at a much lower rate than 6 per cent; that the credit resources of the banks of the country are greater than ever before in our history and that there is no reason why the banks should not, in co-operation with the merchants of the South, help the cotton producers with loans at low rates in the present peculiar situation.

"The federal reserve board, the secretary said, had a right to determine the rate of interest which the federal reserve banks can charge member banks on notes or loans secured by insured and warehoused cotton rediscouted with federal reserve banks. He has been unable to consult his colleagues of the federal reserve board on account of his absence from Washington, but feels confident of their co-operation in every reasonable way.

"Mr. McAdoo said, however, that should it appear that the object in view could be accomplished with greater efficiency to the cotton producers, the merchants and the banks of the South by depositing government funds in the national banks direct instead of the federal reserve banks, he would take that course and make deposits in such national banks as would give him the assurance that the money so deposited or

NO DOUBT OF HOW VESSEL WAS SUNK

Was Hit by German Torpedo Without Warning, Officials Say.

MINE NOT THE CAUSE.

Story From Germany That Mine May Have Caused the Explosion Promptly Denied.

London, Aug. 23.—Official and unofficial statements were made today bearing upon the precise status of the steamer Arabic when she was sunk, the purpose being to show definitely that she was an unoffending merchant ship and that without question she was struck by a torpedo fired by a German submarine.

The latter point became increasingly important owing to cabled reports that some Berlin officials maintained there was no proof that anyone saw a submarine and the sinking might have been the result of striking a mine.

The foreign office issued a brief statement summing up the facts within the knowledge without disclosing all the details in its possession. The statement said definitely that the Arabic was sunk by a German submarine without warning and without any attempt on the part of the steamer to attack the underwater craft or to escape. The announcement also declared the Arabic was unarmed, was proceeding to a neutral port, and therefore carrying no contraband.

The most important direct testimony came from members of the crew of the steamer Dunsley who gave a circumstantial account of seeing the German submarine while she shelled the Dunsley. They declared that during her maneuvering astern of the Dunsley the underwater boat came so closely into view that it was possible to note she showed no number or distinguishing mark. Later they declared the submarine submerged and rounded the Dunsley's stern, showing only her periscope.

These statements are considered to fill the gap in the testimony given by Captain Finch and passengers and crew of the Arabic, who did not see the submarine because she was astern of the Dunsley. Those aboard the Arabic have declared they saw the torpedo speeding toward the ship.

All the affidavits made by the American passengers on the Arabic now have been cabled to the state department. These statements give every detail available from American sources. They relate chiefly to individual experiences, but all agree that no warning was given. The approaching torpedo was seen but not the submarine.

The funerals of some of the members of the Arabic's crew whose bodies have been recovered, were held at Queenstown today. The services were attended by members of the city council, the Royal Irish Constabulary, representatives of the White Star Line and a great crowd of citizens.

The credit based thereon would be loaned on cotton insured or warehoused and at a rate of interest not to exceed 6 per cent.

"The secretary declared he believed there was no occasion for alarm about the future of cotton, and that if the bankers and merchants would co-operate with each other and with the cotton producers of the South in a spirit of patriotism and mutual regard for each other's welfare the situation could be handled with happy results to all concerned. He expressed the earnest hope that this would be done."

The situation arising from the cotton contraband order was discussed today by President Wilson with W. P. G. Harding of the federal reserve board, who has investigated the cotton question thoroughly.

The President is preparing to protest to Great Britain against the order. Mr. Harding made recommendations today for further steps but refused to make them public. One plan said to have been discussed contemplates sending an informal commission to England to arrange for the sale of surplus cotton.

CHAUTAUQUA PROGRAM

September 2, 3 and 4.

A Three-Day Mobilization of the Community's Industrial, Educational and Social Forces
Attractions Furnished by Radcliffe, of Washington, D. C.

Thursday—Agricultural Day.

MORNING

11:00 O'clock Farmers Institute. Addresses by County, State and National Farm Experts.

AFTERNOON

3:00 O'clock Lecture, "The New Agriculture," By Dr. Frank B. Vrooman.
4:00 O'clock Concert. By The Bessie Leigh Concert Company.

EVENING

8:15 O'clock Concert and Entertainment. By The Bessie Leigh Company.
9:00 O'clock Lecture, "Armageddon and After," a Story of the Great War. By Dr. Frank Vrooman.

Friday—Educational Day.

MORNING

11:00 O'clock Educational Rally. Addresses by Local, State and National Educational Leaders.

AFTERNOON

3:00 O'clock Forty-Five Minutes of Fun and Magic with the Mysterious Milburns.
3:45 O'clock Impersonations, Stories, Recitations, Grave and Gay. By Charles B. Hanford, the famous actor.

EVENING

8:15 O'clock Magical Illusions and Prestidigitatorial Performance. By the Mysterious Milburns.
9:00 O'clock Grand Scenes from Shakespeare's Comedies and Tragedies. By Mr. Charles B. Hanford, the celebrated tragedian.

Saturday.

MORNING

11:00 O'clock Addresses on "Boosting 'The Old Home Town,'" By City, State and National Leaders.

AFTERNOON

3:00 O'clock Grand Concert. By The Lyric Glee Club.
3:45 O'clock Lecture, "Visions and Ideals." By Dr. J. W. Frizzell, Chautauqua Director.

EVENING

8:15 O'clock Lecture, "Some Twentieth Century Problems." By Dr. J. W. Frizzell.
9:00 O'clock Concert and Entertainment by The Lyric Glee Club.

WILSON AWAITS ARABIC REPORTS

No Step Taken Until Germany Has Stated Her Side of the Case.

Washington, Aug. 22.—Judgment still is suspended by the United States government on the torpedoing of the liner Arabic with a loss of two American lives. Pending arrival of official information on the attack, high officials will not discuss it.

It was understood tonight the all-important report awaited before the United States determines whether Germany has committed a "deliberately unfriendly act" is expected from Ambassador Gerard at Berlin. Cabled statements of American survivors apparently have left no doubt that the Arabic was torpedoed without warning. The question now is whether Germany will set up a claim that maneuvering of the ship led the submarine commander to believe she was attempting a hostile act against him.

The President will decide tomorrow whether a cabinet meeting will be called Tuesday, but tonight it seemed improbable the cabinet members would be summoned before final reports on the disaster were received.

Severance of diplomatic relations with Germany is being discussed as the step that would follow determination that the sinking of the Arabic was deliberately unfriendly. Whether such an action would be taken without consulting Congress still is a matter of speculation.

Lapland at Liverpool.

New York, Aug. 22.—The White Star Line announce today that the steamship Lapland had arrived at Liverpool and dispelled fears that the steamship had met with mishap in the war zone.

KNOW ONE MEMBER OF LYNCHING MOB

Officials Said to Have Identity Clue, Governor Not Told and Says He Has No More Information.

Atlanta, Ga., Aug. 21.—Reports in official circles tonight were that the identity of a member of the mob that lynched Leo M. Frank was known to certain officials and that the information probably would be laid before Governor Harris next week.

Nothing that seemed likely to lead to identification of any of the men had come to the governor today, he announced. He said early in the day that he was not making public all steps he had taken to investigate the abduction and lynching, and this caused some speculation. The statement even was interpreted by some to mean that he knew who some of the men were, but he later said there was no such significance in his words.

After a long conference late this afternoon Judge Patterson of the Blue Ridge circuit, which includes Cobb county, he let it be known that he would prepare a special charge to the grand jury which will meet September 1. Mr. Clay, solicitor general of Marjotta, assured the governor he would do all within his power to find out and bring to trial men responsible for the lynching.

Two Germans Taken Off Norwegian Steamer.

New York, Aug. 22.—Two Germans, a third officer and a seaman, of the crew of the Norwegian steamer, Starkad, which arrived today from Bordeaux, were taken off just outside the harbor by a boarding party from the British cruiser Berwick.

COTTON CONTRABAND ORDER ISSUED BY ALLIES

Formal Statement Issued by the British Foreign Office.

WILL AID THE MARKET.

Will Take Steps to Keep the Price Up, It is Declared—No Surprise in Washington.

London, Aug. 21.—Cotton has been declared absolute contraband by Great Britain, according to a statement issued by the foreign office this afternoon.

The statement declares that the government proposes to initiate measures to relieve depression which might temporarily disturb the cotton market because of the contraband order.

It was learned upon inquiry at the foreign office that the French government will issue a similar notice early tomorrow.

The announcement follows:

"His Majesty's government have declared cotton absolute contraband. While the circumstances might have justified such action at an earlier period, His Majesty's government are glad to think that local conditions of American interests likely to be affected are more favorable for such a step than they were a year ago, and moreover, His Majesty's government contemplate initiation of measures to relieve as far as possible any abnormal depression which might temporarily disturb market conditions."

The declaration making cotton contraband is effective from today. A brief royal proclamation published in a supplement of The London Gazette issued tonight says:

"Now, therefore, we do hereby declare by and with the advance of our Privy Council, that during the continuance of the war, or until we do give further public notice, the following articles will be treated as absolute contraband in addition to those set out in our royal proclamation aforementioned:

"Raw cotton, cotton linters, cotton waste and cotton yarn.

"And we do hereby further declare that this, our royal proclamation shall take effect from the date of its publication in The London Gazette."

The proclamation was signed yesterday by King George.

Washington Will Protest.

Washington, Aug. 21.—Announcement that cotton had been declared absolute contraband of war by Great Britain came as no surprise to officials here. Secretary Lansing was informally advised by the British embassy some time ago that this action had been decided upon and that formal announcement was delayed only pending the arrangement of details. This included, it is understood, preparations to protect the market from the effect of the announcement and also an understanding between Great Britain and her allies.

While officials would not discuss the subject tonight, it is certain the United States will protest against the British action, citing the previous consistent policy of Great Britain in holding cotton free of restraint. The result, it is expected, will be to draw out a full explanation of the reasons behind the British change of policy. A long course of diplomatic interchanges undoubtedly will follow before an agreement can be reached, or the question possibly submitted to arbitration.

The first direct effect of the British announcement will be to simplify the discussion over the orders in council now in progress. Cotton ships have formed a large percentage of the total number of craft held up under the orders, each case involving much informal debate over arrangements for payment by Great Britain for three cargoes seized. Each case, also, became an additional factor in the formal discussion between the two governments the United States having steadily maintained that Great Britain was violating the accepted rules of international law in halting commerce between neutrals, more especially

AMERICAN CAPITAL TO BUILD UP CHINA

Campaign Launched for Investment in Developing Country's Great Resources.

A MOST INVITING FIELD.

Preliminary Work Has Already Been Started by Agents of Commerce Bureau.

Washington, Aug. 21.—An aggressive campaign to secure for American business a share in the development of China's enormous resources has been planned by the state and commerce departments. The plan contemplates creation of an American vested interest in China powerful enough to take care of itself in the complicated political and commercial situation there.

The scheme was developed by Paul S. Reinsch, minister to China; Julian M. Arnold, commercial attaché at Peking, and Dr. E. E. Pratt, chief of the bureau of foreign and domestic commerce.

The bureau of foreign and domestic commerce already had begun work along the lines suggested. Mr. Arnold will return to the United States next winter and tour the country to secure capital for investment in China.

State department officials have been anxious over commercial conditions in China since the recent granting of extensive special privileges demanded by Japan. No political steps have been taken to secure concessions for Americans, however, for the government policy has been steadfastly against commercial politics. The plan proposed is expected to develop enough to meet competition.

CAPITAL PILING UP.

Dr. Pratt pointed out today that American capital was piling up as a result of the European war, and that vast sums are available for investment. He also made public a summary of the Chinese trade situation, which said in part:

A well capitalized bank is necessary to American trade advancement.

China offers splendid inducements to American capital and American machinery in connection with the erection of cotton yarn mills.

China imports annually nearly \$10,000,000 (gold) worth of aniline and synthetic dyes. A high grade American substitute for the European products could probably secure a great deal of this trade, which is now at a standstill owing to the lack of supplies.

Because of the war China will be obliged to purchase much of her railway materials and machinery, electrical and industrial, from the United States.

Work along some of these lines has already begun by agents of the commerce bureau. Several New England business men now are in China closing contracts for installation of American machinery in cotton mills built under Chinese government supervision. It is expected the establishment of an American bank in China will be the first big result of the campaign.

FOREST FIRES RAGE.

Flames Destroy Small Village in Washington.

Bellingham, Wash., Aug. 21.—Forest fires which have been raging in Whatcom county today destroyed the village of Wahl, near here. There was no loss of life.

The fire approaching Wahl, it was estimated, advanced a mile every five minutes, leveling crops and destroying small timber.

commerce in non-contraband goods. It is understood the British plan is to steady the cotton market through actual purchases if that becomes necessary. Probably cotton factors will be commissioned to keep the commodity above a fixed minimum price. Crop conditions this year, it is said, will make it easier to maintain prices because open markets unaffected by the allies' action are more than able to absorb the entire production.