

DEFLATION OF CURRENCY BY GOLD PRODUCTION REGARDED SALVATION

(From the American Mining Journal)

If we are to preserve our national entity and poise, one of the first problems of domestic concern is that pertaining to our currency and finances. There is no problem the solution of which is more important to the man in the street. The security and progress of our domestic industry are no less dependent upon a proper solution of this problem than our position in international affairs.

Our best financial thinkers are agreed that inflation, with the tremendous drain upon our domestic resources by Europe and the decline in the physical volume of production, have all been accountable for the continually rising commodity prices. If these have been the causes, the cure for our economic ills must be met by deflation, by a more rapid recuperation of European production and by an increased output in our own country.

The Guaranty Trust company of New York, in a circular issued February 19, 1920, made the following reference with respect to deflation:

"There are those who feel that, while deflation is undoubtedly necessary, it should take place gradually

and not be unduly forced and accelerated by large losses of gold, the foundation of our monetary and credit structure. A gold dollar in the vaults of a Federal Reserve bank serves, or may serve, as the basis of deposit liabilities of \$2.50, and these deposits, to the credit of a member bank, may in turn serve to enable credit extension by that bank of anywhere from seven and a half to 14 times that amount, or say \$19 to \$35. With reserves close to the legal minimum, therefore, every million dollars of gold lost practically means forced credit contraction of perhaps \$20,000,000, unless contraction comes by normal industrial liquidation."

While deflation is the most important of the admitted cures, it must operate gradually over a number of years in order to permit industry to adjust itself to the changing conditions without loss of production. A too rapid deflation would dislocate industry and, by curtailing production, accentuate the severity of all of our economic ills.

In 1919 the gold stock of the United States suffered a loss, by excessive exportation and consumption in manufactures and the arts of \$292,796,000.

This loss in gold coin and bullion is equivalent to from 20 to 35 times that amount in terms of expanded credit, in accordance with the statement of the Guaranty Trust company. Based upon their lesser estimate this amount of gold coin and bullion is equivalent to a forced credit contraction of 5.8 billions. Our losses by gold exportation and sales to the trades are continuing at the same and even a greater rate than that of 1919.

The effect has been still further to reduce the federal reserve ratio of reserves to net deposit and note liabilities from 44.8 per cent, December 26, 1919, to 42.7 per cent, February 20, 1920, leaving a margin of only 4.7 per cent above the legal minimum required under the federal reserve act. Conservative bankers felt that the ratio of December 26 was too low; certainly they must be somewhat alarmed at the still lower ratio of February 20.

The time has come when deflation in our credit and currency structure is a forced necessity, but, if these excessively heavy losses are allowed still further to reduce our gold reserve, the deflation will be on a scale far too great for the country to sustain. The production of new gold, it is estimated, will not exceed \$40,000,000 this year, a decline of \$10,000,000 from 1919, unless constructive relief is afforded by congress. The gold excise and premium proposal, which is now being considered, creates the machinery by which the consumer of gold in the arts and trades may pay more nearly the cost of its production at the present time. The loss in production of new gold to the reserve will still further accentuate the volume of deflation. It will be necessary, therefore, to scrutinize our exports of gold more carefully and to increase the production of new gold at least to satisfy the requirements in manufactures and the arts.

The attendant ills of a too rapid deflation cannot too strongly be emphasized. Labor difficulties will become more, rather than less, numerous. The loss of employment alone will create a burden upon the entire public in a lessened production, which cannot be borne without suffering and the impairment of health. To safeguard such a situation by applying a constructive remedy now will be the most effective protection of the broad public interest.

UPPER BLACK CANYON IS SCENE OF ACTIVITY BY DELVERS OF SILVER

By OUR MINE NEWS WRITER

The upper half of the Black Canyon mining district promises to soon be one of the busiest sections of Yavapai county. The center of activity is the Black Canyon Mining company's property which is developing the Thunderbolt vein. This company has kept steadily hammering away for the past six years, and has to show for that work 1800 feet of drift tunnel on the vein, which has developed it to a depth of over 400 feet perpendicular. At one point an ore shoot 400 feet long was run through, and averaged from 4 to 9 feet in width, carrying silver values averaging about 20 ounces.

Test runs have been made in the custom milling plant of the L. C. S. Milling company, which is a subsidiary of the Lowton Finance company of New York. This company's mill is near by.

The Lowton Finance company is also handling another subsidiary company known as the Silver Cross Mining company, and Guy Thrasher is in charge of the work. He is installing a new hoist and will put the old 40-foot shaft down to the 300-foot level, running levels at each hundred. The ore vein is about four feet wide in the old shaft and at the depth of 40 feet, ore gave a return of 14 ounces silver per ton in actual saving from test runs. The company hopes to develop a tonnage large enough on this property to keep the 50-ton mill of the L. C. S. company busy. The plant has a flotation unit operating in connection with card concentration tables. The savings made in this plant of the most of the ores run in test and custom runs in that section is said to exceed 90 per cent.

Silver Zone
Among the stronger of the newer operations is the Silver Zone Mining company's property, with Joseph Hobbs, a veteran mine foreman of the county in charge of the development work. The shaft is now down 150 feet and the showing is very satisfactory, eastern engineers having recommended further development of the property, and eastern people having stated that they will finance the work. Test runs from their ores have also been made and satisfactory savings made.

Silver Queen
The Silver Queen mine is also to be developed in the very near future, a new company being in the process of organization to finance the work. This group covers 3000 feet on the Thunderbolt vein, and has an excellent showing. This Thunderbolt vein is being worked for a distance of over 8000 feet, the Silver Zone, Black Canyon and other holdings all being on this great fissure vein.

Wigert Group
Dolan and Van Horn have taken over the Wigert group and plan to develop it. This is on the big cross vein to the Thunderbolt, which has never been developed to any extent, in as much as the ores on it are not high enough in value to have paid chlorides during the years that silver has been low. This vein has, with present prices of silver, plenty of pay milling ore on the surface and operators in that section feel that much better grade ore will be opened up when development is carried forward.

Thompson's Gertruds
D. J. Thompson, one of the old-timers in that section who has made his living digging silver out of the ground for many years, is planning to develop the Gertruds group, which is also on the big cross vein system. He has an excellent tunnel site and will carry on his work at his own individual expense, having strong faith in the possibilities of the ground.

Leasers Are Busy
On the famous Silver Cord vein there is also quite a lot of work going on. The Brooks group, by La Salla and associates; the Cutter group, by Len D. Hall and others, and the old Silver Cord itself, by Jack Patton and Center Lusk, are taking out and shipping ore. The Silver Cord vein, having been a producer off and on for over 30 years, is keeping up its record.

WHEAT CROP CUT
WASHINGTON, April 8.—A severe winter, the Heasian fly and an unfavorable seeding period have caused a heavy decline in winter wheat. The department of agriculture forecast today placed the crop at 423,617,000 bushels, as compared with 731,636,000 bushels last year.

The Labena group of Burt Raymond and associates has been optioned to Joplin, Mo., mining men, and if their engineer, who will examine the property more minutely later, finds it advisable they will develop the same.

These developments mentioned are of course only a part of the properties held in this district, as it is several miles wide and more than ten miles long. This activity, however, indicates that there is to be a real producing district established in this section, and illustrates the great value of producing ores as an incentive to the development of mining districts in general.

LITTLE TALES OF THE TOWN ON MEAT-BOOZE

(From Tuesday's Daily)

Two good stories are going the rounds. They are good because they are reported to be absolutely true. The reporter cannot exactly swear to their truth in toto, but they are worth repeating.

First, or Deer Story
A few days ago, a forest ranger who is also a deputy game warden went into a certain meat house in the Puntency district. There his startled eyes saw hanging from the rack the carcass of a deer. He knew it had been killed out of season, of course. He, therefore, phoned for a deputy sheriff, so the story goes, and the deputy went upon the scene and appropriated the meat, put it into a sack and carried it to the express office and marked it for shipment to the sheriff's office in Prescott.

The rules for the shipment of meat, do not permit the shipment of venison as such, hence it was necessary not to say anything to the express agent about what kind of meat it was that was being shipped. Therefore, it was shipped as "Meat," meaning beef.

Note the power of mere words and ideas. When that deer, or venison, was unpacked at the sheriff's office, it had been transformed by the mere magic of the words into just beef.

Second, or "Licker" Story
Some weeks ago, during the heavy rains, the faithful revenue cutters got wind of an illicit distillery working in the hills and hid themselves to the spot and took into custody the lawbreaker who was running bug juice through a "worm."

One man, the officer, sat in the rear seat with the prisoner and the pieces of the distillery necessary to be used as evidence that a "still" had been found and busted up, and of course a quantity of the white "licker." But, as luck would have it, the big rains caused the creeks to become rivers, and at one especially bad ford the driver of the automobile ran into a deep hole in such a way that the car was imminently in danger of being carried down stream, men and outfit. The officer was compelled to get out into the stream and to work like a Trojan to save the car from overturning. The prisoner did all he was supposed to do, stayed in the car. But, lo and behold, when the officer got back into the car there was no tell tale "still worm" nor any bug juice in the car.

Did the prisoner use the magic power of thought upon those things and cause them to disappear in the swollen stream beyond identification and possible harm to him, much the same as the magic word "Meat" transformed the venison of story No. 1 to common "beef"?

HELMET HIGHWAY

CROYDON, England, April 9.—Ten thousand German army helmets have been crushed into the mud at a salvage depot here to make a pathway for captured German guns and other heavy traffic. It would have cost more to sell them as souvenirs than would be derived from the sale.

ISLAND HOME PLANNED

LONDON, April 7.—Viscount Astor has bought part of the island of Jura off the west coast of Scotland and plans to erect on it a mansion and some smaller dwelling houses, the latter apparently for the occupation of his friends.

DEMOS ASK HOOVER

BOSTON, April 7.—Chandler M. Wood, chairman of the executive committee of the democratic state central committee, made public today a letter he had sent to Herbert C. Hoover, asking whether he would accept the democratic nomination for president if offered to him.

Society

DOROTHY FAY SOUTHWORTH ENTERTAINS AT A BIRTHDAY PARTY

On Easter Monday, Dorothy Fay Southworth celebrated her fifth birthday by having a party to which 18 of her little friends were invited. The event took place in the banquet hall at the Owl. Musical games were played, then the children were seated at a long table which was beautifully decorated with Easter lilies. The place cards were supported by fluffy yellow chickens, and at each place was a yellow Easter bonnet, and a corsage bouquet cleverly made from an egg shell and ivy leaves. Sandwiches, ice cream and cake, chocolate candy and Easter eggs were served. The guests were Betty Coburn, Louise Fagerberg, Jean Fagerberg, Marjorie Bell Looney, Gertrude Watson, Charlotte Raible, Doris McBride, Mary Lou Ruffner, Margaret Orthel, Catherine Orthel, Rita Fisher, Alene Dixon, John Dixon, Elizabeth Marjorie Johns and Martha Yount.

HOSESSES AT BRIDGE

On Thursday, April 8, Mrs. Richard Lamson and Mrs. L. C. Derrick were hostesses at a bridge luncheon at the home of Mrs. Derrick.

MONDAY CLUB MEETING

The Monday club will present a program on the Annual Educational day, April 12. Mrs. Dixon Fagerberg has charge of the day and has prepared an excellent program along educational lines which will be followed by a general discussion. As this is of interest to all mothers, a large attendance is hoped for. The rehearsal of the club play will follow the meeting.

WEDDING OF POPULAR COUPLE

The Church of the Sacred Heart was the scene of a pretty wedding on Saturday, April 10, when Lillian Agnes Day, daughter of Dr. and Mrs. Warren E. Day, was united in marriage to George Sidney Markel, son of Captain and Mrs. J. W. Markel, United States army. The bride was attended by Helen Born and Carolyn Day, Leslie Barnes acting as best man for the groom. A wedding breakfast was served at the home of the bride's parents, and the happy couple departed on the afternoon train for a honeymoon trip to the Grand Canyon.

MRS. HARRY SOUTHWORTH ENTERTAINS HOUSE GUESTS

Alene and John Dixon, from the Rancho La Jolla, are the house guests of Mrs. Harry Southworth.

VISITING IN SKULL VALLEY

Harry Southworth is spending his spring vacation with friends in Skull valley.

MEMORIAL ARCH PROPOSED ON NEW BRIDGE

(From Sunday's daily.)

Since the announcement that the city council had voted to award a contract for the construction of a permanent and ornamental bridge over Granite creek, there have been many suggestions to the effect that such a stunning structure should bear a character other than that of a mere passageway over a raging (sometimes) torrent—that it should be a sort of memorial.

The suggestion that the structure be named "Goldwater Bridge" in honor of the mayor was rejected when it was pointed out that his honor had stated the bridge would never be built if he had anything to say about it.

Then, the suggestion was made that the bridge be equipped with a memorial arch to carry lights and a bronze tablet to carry the names of those Yavapai young men who went away to war and did not come back. Quite a number of prominent persons including at least 96 who thought of it first, put forward the idea.

Dixon Fagerberg, for instance, is credited with having gone further than merely advancing the idea. He is said to have also said something about advancing the cash. Subscriptions, which would certainly be popular, in Mr. Fagerberg's view, should be raised to help decorate this, the first honest to gosh permanent improvement the city of Prescott has proposed to put in for many a year.

No doubt the local post of the American Legion and the other patriotic organizations could be interested and given charge of the work of raising the money, selecting a design and ordering and ceremonially installing the tablet.

For quick and artistic job work, the Journal-Miner is the place.

OUTLINE IN SAGE DEFENSE SEEN IN TESTIMONY

(Continued from Page Three)

Miss Virilla. Ruiz was one of the party of four or five who, apparently hopeless of internee control of internee strife, had accredited themselves a delegation to seek the assistance of the constituted authorities. A man named Florentino Rodriguez of their number acted as the spokesman and naturally conveyed his troubles in English when the party finally met Clarence Sage, whom they knew to be an officer. Unable to speak English, the witnesses, Gaudin and Ruiz, declared they had heard Rodriguez telling Sage about the ruckus.

Offer of Defense

The sensation loving citizens who again crowded the gallery, woke up with a pleasurable start when the defense once more offered to prove certain stories about the prosecuter, the narrative of which would necessarily be too gaudy for the censor.

This time there was a measure of success in the defense offer, and Giles was permitted to relate how he had been told by several persons that Mrs. Schendel was "back in town" and conducting that age-old profession that modern morality has made taboo, especially in certain distance from an establishment of the United States army. Giles said that on the evening of the night in question, he saw Mrs. Schendel meet an unknown man of evident youth and spirit, and walk with him to the vicinity of the Sullivan hotel. The witness said he overheard Mrs. Schendel "date" the man to come to the front door of the hotel and be let in a little later. He said he watched and saw the man approach the door leading into a room directly in front of Mrs. Schendel's room, knock and gain instant admission. Mrs. Schendel had gone to her room by way of the lobby.

Admits Routing Girl Out

The witness admitted that he and Floyd, who had joined him at 11 o'clock, went to Mrs. Schendel's room and routed her out of bed. After satisfying themselves she had no companion (this was about 1 to 2 a.m.) Giles told her to undress again and go back to bed if she liked. He said she didn't like.

"I am dressed now and I'm coming out," she was said to have remarked. She did come out, according to the witness, but not under any compulsion. Seeing that she was determined to go out in spite of the fact it was moving heavily, they concluded to ask her to the police station and here obtain a statement. On their way they met first Woods, who offered Mrs. Schendel the protection of his friendship to the extent of a bond, but was told by the officers no bond was involved as the woman was merely being taken for investigation. Woods, he said, asked the woman if she had been caught with anybody, and she informed him it was none of his business.

Later, Giles said, in front of the Bank of Jerome, the party was approached by Sage, who related to the officers the story of the friction between members of the Virilla guest list and advised them to go on down to Mexican town and take a hand in it. Giles said it was with some reluctance that they left Mrs. Schendel on the street, but that he and Floyd had done so, walking rapidly to the Virilla residence.

The cross-examination of Giles was quite searching. It culminated in the close questioning of the witness as to why it was necessary to take Mrs. Schendel out so early in the morning in order to get her statement. The witness answered, saying that the hour was an appropriate one to transact that sort of business with a woman engaged in the traffic mentioned. The state then asked determinedly if, failing by reason of the Virilla engagement to secure the statement that night, they had taken steps to get it the next day. The witness said none had been taken. In fact, he said, as far as he knew, no statement was ever taken by the police from Mrs. Schendel.

Giles did not escape the fate of many other witnesses in this trial. He had not been on the stand a great while before F. L. Haworth, who conducted his direct examination, had him making a map of the environs of the Hotel Sullivan, the better to explain to the jury where and when he saw Mrs. Schendel. Judge McCarran, Haworth's associate, mildly protested this infringement on his custody, but Haworth was determined to do all he could to promote the practice of topography.

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