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CONCERTED ACTION TO HANDLE COTTON CROP

THE STATE WAREHOUSE SYSTEM BROADENING IN SOUTH.

Far-Reaching Measure in Alabama—Conference Probable Among Several States.

Special to The Herald and News.

Columbia, June 28.—The State warehouse bill which is pending before the Alabama legislature looks to the issue of fractional receipts which could be used, in times of stringency, to perform the local functions of currency, and the measure has the endorsement of high financiers. The South Carolina law is elastic, and State Warehouse Commissioner McLaurin in an interview given to the press, states that in his judgment it has sufficient breadth to carry out the general plan which may be adopted by the States of Georgia and Alabama this summer, until the South Carolina legislature meets next winter. The State warehouse system is taking root throughout the South, and it is probable that a conference will be arranged some time soon to agree on a concerted line of action in regard to bills now before the legislatures of other States.

In a careful analysis of the general situation in the South, in connection with the warehouse system, Senator McLaurin has given out this important statement:

"The near approach of the marketing period for cotton makes it necessary for us to consider the situation in order not to be confronted with conditions similar to last fall. The legislatures of Georgia and Alabama will this summer consider the passage of State warehouse laws. We must find some means to market our cotton gradually. It will be necessary to force the cotton sold to bring a fair price, because the borrowing power of that which we must hold will depend upon the price of the cotton marketed. The condition fully carries out the predictions of those of us who advocated a total elimination of the cotton crop for 1915, although the consumption has far exceeded the estimate, on account of the new uses found for cotton by reason of the war. There was on hand June 1st 1,798,965 bales of cotton in manufacturing establishments, and in independent warehouses 2,441,133. This makes a total of 4,240,098, not taking into account the cotton on the farms, which is more, perhaps, than may be thought. The world's production, it is estimated, will be around 28,000,000 bales for the year 1914-15. I have no figures of actual consumption, but I note that there are more spindles in active operation than there were this time last year, and from that I deduce that the consumption of cotton will be around 22,000,000 bales, which will certainly carry over, not counting the cotton that has not come into sight, around 7,000,000 bales.

"The lines are being tightened every day on the shipment of cotton. London papers are trying to force England to declare cotton contraband of war. England and Italy are the only two countries now to which cotton can be shipped freely. Both of these countries have a plentiful supply of cotton. The stock in Italy is enormous, because we had been supplying Germany with cotton through Italian ports, and when war was declared Italy seized the enormous stocks on hand. The supply in England is larger than ever before at this season of the year.

"The financial situation is of even more importance as shown in the decline of foreign exchange. International trade is really nothing but barter. Gold is merely the medium adopted by the nations to agree upon a basis for the exchange of products. Exchange on London in normal times is about \$4.87 of American money for a pound sterling. Sixty-day bills are now being drawn around \$4.74. The crop of wheat is the biggest on record, and within two months our cotton crop will be ready to market. It is estimated that the American wheat and cotton now on hand available for export would amount to \$750,000,000, and there is no way in the world of selling this abroad except through the medium of foreign exchange. Now, it is patent to anybody that, with

the difference already of 13 cents on the pound sterling, and both the wheat and cotton crops ready to market, that we are face to face with a serious situation. I have no doubt that some means will be found, but a sudden throwing of two immense export crops on the market would mean a more complete embargo than all the navies of the world could accomplish.

"The whole of Europe is on a paper basis, and the effect of this inflation in Europe is depreciating values in America, so long as we are the only nation on a gold basis. We are fortunate now in having the federal reserve act, which makes it possible to concentrate our reserves and place the currency upon a credit basis by permitting the use of bankers' acceptances, but even this will be insufficient without systematic action in the cotton States to hold their cotton and establish a borrowing basis. The credit of the banks and every financial institution in the South depends on the market value of cotton, and I am glad that they are beginning to fully recognize this fact.

"The Alabama legislature will consider a very important bill at the special session this summer. I am trying to arrange a conference that will result in the same bill being considered by both the Georgia and Alabama legislatures, and I think there is sufficient breadth in the present South Carolina law to enable me to follow the same general plan until our legislature meets next winter. I wish to call attention to this matter so that our people can be thinking about it. These bills will provide a State warehouse system on the same lines as the South Carolina law, but broader and more comprehensive. There are three bills; one of them the warehouse act above referred to; the second "an act to provide for the cooperation of the cotton growers of the State in the holding of cotton;" and, third, a graders' bill on the same general plan of the one that I recently published in the newspapers.

"The cotton holding bill in Alabama provides that whenever the governor of that State has given satisfactory assurance by the owners of 100,000 or more bales of cotton that they desire to place it under the control of a commission, that he will appoint five citizens of the State of Alabama, who, with the governor, shall be known as the "cotton holding commission," with him as ex-officio chairman. This commission has the authority to accept the receipts from the State warehouse and to issue to the owner of such receipts certificates in the denomination of \$5.00 each for not more than 85 per cent. of the market value of the cotton at the time that the certificate is issued. The act restricts and carefully guards the issuing and provides the manner for the retirement of the certificates. Those who were in the State senate with me will remember that during the special session I suggested an idea of this sort instead of the bond issue. So as to show that it has high financial endorsement I herewith append a copy of a letter received from Mr. Baldwin, president of one of the largest banks in the State of Alabama. Of course these \$5.00 certificates that are issued could be used in a local way, and, to a great extent perform the functions of real money.

"The letter from Mr. Baldwin is as follows:

"First National Bank of Montgomery, Alabama.

"June 22, 1915.
"Hon. Jno. L. McLaurin, State Warehouse Commissioner, Columbia, S. C.

"Dear Sir: I have had some correspondence with Mr. W. P. G. Harding, of the federal reserve board, in connection with three bills which are pending in the Alabama legislature upon the subject of warehousing, pooling for sale and grading of cotton in this State.

"Mr. Harding writes me that you are in charge of the South Carolina warehousing system and that you have prepared a bill to be introduced shortly in the Georgia legislature; that he knew your analysis and criticism of the Alabama bills would be valuable. I am therefore taking the liberty of enclosing copies of the bill herein and ask that you give them consideration and favor me with your conclusions.

"I would also very much appreciate the courtesy if you will have forwarded to me both the South Carolina and Georgia warehouse bills, accompanied by a memo of expense incident thereto.

"I trust that I am not presuming too much upon your time in asking this service of you in behalf of our people generally.

"With expressions of high esteem, I am,

"Very truly yours,

"A. M. Baldwin,

"President.

"I do not care to say too much about this matter until after my return from Alabama and Georgia. But that something practical and effective is going to be done to take care of the situation I have no doubt, and will spare no effort to that end.

"Both the Georgia and Alabama bills provide for the appointment of an inter-State board, and if the law passes in these States, we will then have five cotton States that will form this inter-State board—South Carolina, Texas, Louisiana, Georgia and Alabama."

DEFENSE WINS LEXINGTON CASE

In Wessinger Against Parr Shoals Power Company—To Seek New Trial.

The State.

Lexington, June 27.—"We find for the defendant" was the unanimous verdict reached late yesterday by the jury in the case of James E. Wessinger against the Parr Shoals Power company, trial of which was begun Thursday in common pleas court for Lexington county. Damages in the sum of \$25,000 were demanded, the plaintiff alleging that an option and a deed to certain lands sold by him to the defendant had been procured by fraud and that a 300 acre tract nearby had been made uninhabitable by mosquitoes and bad odors from the pond formed by the defendant's dam on Broad river.

By agreement arguments upon a motion made yesterday for a new trial will be filed with Judge Gary. It is likely that if a new trial be refused an appeal will be taken to the supreme court. Several witnesses who testified for the plaintiff said they had similar actions pending against the power company. The verdict was the first in favor of a corporation which a Lexington county jury has found in many months.

The court instructed the jury that if misrepresentation and fraud were found to have been employed in procuring the option and the deed it would be the duty of the jury to ascertain in what amount the plaintiff had been thereby damaged; on the other hand, if no misrepresentation or fraud were found to have been employed, the jury would find for the defendant. The court informed the jury that the power company, having been specifically released from liability in the matter, could not be held to account by the plaintiff for any inconvenience or loss he may have suffered through mosquitoes or malaria or bad odors due to the erection of the Parr Shoals dam.

W. K. Smith, who obtained the option, testified that no fraud or misrepresentation had been used by him. The signature of Mr. and Mrs. Wessinger to the deed were procured by the late Frank E. Dreher of Lexington. Mr. Dreher's memory was warmly defended in the argument yesterday by C. M. Eford, one of the attorneys for the defense, who was Mr. Dreher's law partner for years.

The court of common pleas adjourned sine die on the conclusion of the Wessinger case.

A Wish.

Papa was sitting by the table reading his evening paper. Generally, when he came across an item of interest, he read it aloud to mamma. Little William, a typical "little potter with big ears," as a rule was not in the least concerned about the items his father read aloud. But the other evening he was mightily interested.

"I see, ma," said papa, "that the fishermen around Cape Cod have gone out of the whaling business and—"
Up spoke William promptly:
"Gee whiz, papa, but I wish you was a Cape Cod fisherman."

MOVEMENT OF HUERTA COMES TO SUDDEN END

Former Mexican President and Associates Blocked by United States—Detained at El Paso.

Washington, June 27.—The United States government has frustrated for the present an attempt on the part of Gen. Victoriano Huerta and his associates to launch from American territory a new revolutionary movement in Mexico.

Detention of the former Mexican dictator with Gen. Orozco and others at El Paso today followed nearly three months of espionage by government agents. The department of justice had instructed United States Attorney Camp of the western district of Texas to take into custody these men, who, seemingly were engaged in violations of American neutrality laws which forbid the recruiting of men, purchase of supplies therefor, and the organizing of a military expedition on the soil of the United States to be used in operations against a people with which this country is at peace.

Mr. Camp was ordered to place before a grand jury at El Paso immediately all the evidence in his possession in order that indictments may be returned against any one guilty of an intent to violate American neutrality laws.

Will Receive Support.

Apart from any considerations of policy which the Washington government may have in mind for the settlement of the Mexican problems, the department of justice has the full sympathy of the department of state in enforcing the neutrality laws, irrespective of the individuals concerned. When Assistant Attorney General Warren called to the attention of Secretary Lansing the fact that Gen. Huerta and his supporters appeared to be ready to set on foot an armed expedition into Mexico. Mr. Lansing indicated that this was a subject for the department of justice to handle and the arrests were ordered forthwith. The developments at El Paso caused a sensation in Mexican quarters, here, both the Carranza and Villa agencies issuing statements rejoicing that the United States had checked an effort on the part of the so-called reactionary interests to regain control of Mexican affairs. Both agencies had repeatedly called to the attention of the state department the movements of the Huerta group, although today's action was said at the state department to be entirely on the initiative of the department of justice.

While officials were reticent as to the probable development of the case against Gen. Huerta, it was indicated that the United States would retain in its custody for the present at least the man whose overthrow of Madero and Suarez and dictatorship in Mexico was declared by President Wilson to be responsible for resulting turbulence in the southern republic. When Gen. Huerta returned from Spain the American government made no effort to deport him, accepting his pledge that he did not intend to violate the laws of neutrality.

Government agents watched his movements, however, noting that former federal generals frequently were in conference with him. They investigated reports that financial support had been obtained for a new revolutionary movement, but it was not until the moment of apparent setting on foot an expedition that it was regarded as timely to interpose the arm of the American government.

Officials here do not understand that the movement of the Huerta group was supported by all of the various branches of the so-called conservative party who are living in exile in the United States. Two other separate and distinct groups of Mexicans in this country, the one headed by Gen. Felix Diaz and assisted, it is said, by Gen. Modragon and Blanquet, former adherents of Huerta and another organization of which Eduardo Iturbide is spokesman, have been reported ready to take a hand in the situation. So far as is known, however, they have revealed no connection with any proposed military expeditions, though all three groups are said to be alike in their purpose to oppose Gens. Carranza, Villa and Zapata.

Overt Acts Charged.

Just what the evidence against Gen. Huerta and other former federal generals was not disclosed here. The Villa agency had dispatches from El

Paso charging that Gen. Huerta was guilty of recruiting several hundred Mexicans and of purchasing supplies for their equipment. While the mere preparation of plans for the beginning of a revolution in a foreign country have not been held as themselves a violation of neutrality overt acts in consummation of such plans have formed the basis for indictments in the past. Individuals may pass through the United States to take part in military activity abroad and arms and ammunition may be shipped to forces operating in a foreign country, but where there is evidence of a movement, organized and extensive, of men and supplies setting out from American territory to another country federal decisions hold that American neutrality is violated.

Section 5282 of the revised statutes says:

"Every person who within the territory or jurisdiction of the United States enlists or enters himself, or hires or retains another person to enlist or enter himself, or to go beyond the limits of jurisdiction of the United States, with intent to be enlisted or entered in the service of any foreign prince, state, colony, district or people, as a soldier, . . . shall be deemed guilty of high misdemeanor and shall be fined not more than \$1,000 and imprisoned not more than three years."

Another section, No. 5286, says:

"Every person who within the territory or jurisdiction of the United States begins or sets on foot, or provides, or prepares the means for any military expedition or enterprise to be carried on from thence against the territory or dominions of any foreign prince, or state, or any colony, district or people with whom the United States is at peace, shall be deemed guilty of high misdemeanor and shall be fined not exceeding \$3,000 and imprisoned not more than three years."

Officials at the department of justice refused to say under which statute Gen. Huerta and Gen. Orozco had been held, but said this would be developed if formal arrests were made, a contingency depending upon the information contained in the expected reports from the agents of the department of justice.

In Hands of Camp.

While the department here will keep a close watch on the case, officials made it clear that it was now entirely in the hands of United States Attorney Camp. Upon him rests the responsibility of keeping the Mexicans under surveillance while they are at liberty on bond.

Speculation was widespread in official and diplomatic quarters as to the effect of the arrests of Huerta on the political situation generally in Mexico. The Villa and Carranza adherents regarded it as contradicting reports that the American government had lost its previously expressed sympathy for the original constitutionalist movement, and was now ready to turn to those formally in control of Mexican politics.

So far as the state department is concerned the questions involved are concerned merely with violations of neutrality. No officials would admit that the desire of the American government to prevent Gen. Huerta from further complicating the situation in Mexico had any bearing on the arrests, but this was the interpretation which Eliseo Arredondo, Washington representative of Gen. Carranza, placed on it in his statement issued tonight.

Enrique C. Llorente, Washington agent of Gen. Villa, also declared his gratification that Gen. Huerta had been detained and reiterated that Gen. Angeles was on friendly terms with Villa and would return to the field after completing military missions to the United States.

While future steps in the policy which President Wilson is formulating for a solution of the Mexican problem will not be decided until his return from Cornish, N. H., diplomatists familiar with the situation took the view that the Washington government was unwilling in any eventuality to permit Gen. Huerta and his associates to return to Mexican soil through American territory. It was hoped in official quarters that the arrest of Huerta might have some effect on the situation as between Carranza and Villa, indicating to them the necessity for a reconciliation in the interests of peace. President Wilson is still hopeful that they will come to an agree-

ment and, for the present, is awaiting the outcome of informal efforts on the part of the Mexicans themselves to solve the situation.

The trip to Vera Cruz of Charles A. Douglas, legal adviser to Gen. Carranza, may have an important bearing on Carranza's attitude, as Douglas left here well informed on the determination of the United States to insist on an early settlement by the Mexican factions of their troubles.

WHY BANKS DO NOT FAVOR THE WAREHOUSE SYSTEM

Anderson Tribune.
We called attention in our issue of Tuesday to the very handsome reception that the North Carolina State Bankers association gave to Hon. John L. McLaurin, who attended the meeting with Mr. Harding of the federal reserve board. It does seem strange that the South Carolina bankers are so determined in their stand against the State warehouse system. They had Mr. Harding at the Isle of Palms, and it does look as if, considering what Mr. Harding said about the value of the State warehouse system, that if the banks really want to help the people they would seek to encourage the warehousing of cotton and the use of the receipts as a collateral for borrowing money.

We are inclined to think that the cause of their not doing so is the statement published by Mr. McLaurin in March, that he had secured a loan for Senator Banks of St. Matthews, in New York, at five per cent., and could borrow all the money that he could get State warehouse receipts for at five per cent., and that in large amounts it could have been obtained on acceptances at three and one-half per cent.

The banks in this State do not want to hear of anything less than eight per cent. discount, and they are determined to break the State warehouse system down if they can because it furnishes an avenue for farmers to get cheap money.

The function of a bank should be to conserve the credits of the country, and not a mere place to borrow money. The farmers create the credits, and the banks use these credits to hold down the very class which makes them.

Such a condition of affairs cannot last indefinitely, and if McLaurin succeeds in establishing this system in Georgia and Alabama, it will be so firmly fixed that hereafter we will hear no more of eight per cent. discount.

If this fight is continued against the warehouse system, we hope that McLaurin will enter the race next year for governor, and make a fight for the State warehouse system, and for a legislature in sympathy with industrial progress—for the freedom of the farming and laboring classes from the oppression of the money power.

The present State administration is the product of bitter factionalism, and in spite of his promise, Governor Manning is as much a partisan of the money power and corporation interests as Governor Bleas was on the other end of the line.

We don't think that McLaurin at present has any intention of entering the gubernatorial race, but if the next legislature shows the same disposition that it did last winter, we are satisfied that he will be forced, in defence of the farming and laboring interests in this State, to make the issue.

We must believe that in such an event former Governor Bleas would urge the people who twice elected him governor to rally around the standard of McLaurin and let the issue be squarely made between McLaurin, for the people, on the one side, and Manning, for the money interests and the corporations, on the other. The people are demanding relief, and they are going to have it. McLaurin is laboring in their interest, and if he is forced to carry the fight for them into the gubernatorial race he will not hesitate to do so. Bleas is pledged to the cause of the people, and the farmers and the laboring people twice made him their governor. And if the people's standard is raised by McLaurin next summer we have no doubt that Bleas, who bore it for four years, will, by his devotion to the cause, materially aid in carrying it forward to victory, which is sure if we are united.