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GERMAN CRISIS IS ACUTE UNRESTRICTED SUBMARINING IS THE ISSUE DIPLOMATIC BREAK BETWEEN U. S. AND GERMANY IMMINENT

Washington, D. C., Feb. 1.--Diplomatic relations between the United States and Germany are tense. The issue is the unrestricted submarining of neutral vessels in the forbidden zones established by Germany yesterday. The United States has been warned to keep its ships and its citizens out of the forbidden territory. What will the United States do? What will Wilson do? Rumors are current that the United States may break off diplomatic relations with Germany. Will this mean war? The Japanese situation is also acute. President Wilson has asked senators to put the quietus on anti-Japanese legislation in Oregon and Idaho. Passports have been refused Americans planning to leave for Europe.

PRESIDENT AND LANSING WILL ANSWER GERMANY

Conferences Are Held And Secretary of State's Manner Indicates Situation Grave

STEPS ARE ALSO TAKEN AND SENATORS URGED TO AVERT TROUBLE WITH JAPAN

In Washington the Situation is Regarded as Grave--Secretary of State Lansing Refuses to Answer Questions of Newspapermen--Senators Chamberlain and Lane Called on To Ask Oregon Not to Pass Japanese Laws--Americans Desiring Passports to Europe Are Refused.

(By Robert J. Bender, United Press Correspondent.)
Washington, Feb. 1.--President Wilson is nearly ready to announce the government's answer to Germany's unrestricted submarining note. Secretary Lansing is preparing the official communication. Its contents are secret. The state department refused to issue passports to Americans planning to sail to Europe. This action increased the tension. It may mean the government is planning to break diplomatic relations with Germany or that President Wilson is determined to modify his former stand.

President Wilson Confers With Secretary Lansing.
Secretary Lansing and President Wilson conferred for an hour this morning. They discussed the forthcoming communication.

Secretary Lansing refused to make a statement. He appeared nervous and smoked a cigarette.

Scores of newspapermen crowded around. Secretary Lansing cried: "I can't say a thing now, boys. Please close the door and let me go." He said he must see the newspapermen at three-thirty this afternoon.

Secretary Lansing's gravity after the meeting with President Wilson indicated a most serious situation had developed. The passport announcement convinced many that a diplomatic break was imminent.

Trouble With Japan Also in the Air.

Possibilities of diplomatic difficulties with Japan also loomed up.

The state department and Counsellor Polk asked Senators Chamberlain and Lane to use all their influences to prevent the Oregon legislature from passing Alien land laws.

They also met Senator Brady, of Idaho, and asked him to prevent the Idaho legislature from passing similar laws. It is reported Counsellor Polk said these acts would cause a serious situation. Japan's ambassador conferred with Polk today.

Diplomatic Crisis Causes Wheat Markets to Drop.

Due to the ticklish foreign situation the wheat markets throughout the country opened ten cents under yesterday's closing and immediately lost five cents. Throughout the day, however, the market regained five points, closing ten cents under yesterday's close. The above information was contained in wires reaching Ed. Kiddle in Island City, today. One dispatch this morning said: "Morning papers look like war."

Secretary Lansing Refuses To Answer Any Questions.

Washington, Feb. 1.--(United Press)--Secretary Lansing met the newspapermen at three-thirty-five this afternoon. He said: "I have nothing to say. I won't answer any questions bearing on the present situation."

German Crisis Causes Leak Probe To Adjourn.

New York, Feb. 1.--(United Press)--The leak probe may be suddenly adjourned in order to enable members to return to Washington to participate in possible Congressional proceedings in connection with the German situation. The committee interrogated Francis A. Conolly, who sent Broker Hutton a telegram the day before the President's peace note was announced. Conolly declared he did not possess any leak knowledge. He declared he didn't realize the telegram's importance. He said he knew from his own knowledge of the situation that some big event was imminent and telegraphed his message to Hutton accordingly.

LATE NEWS BY WIRE

The Black Twenty-Fourth Starts On Hell's Hike.

Deming, New Mexico, Feb. 1.--(United Press)--The "Black twenty-fourth" infantry, leading General Pershing's withdrawal, left Twin Windmills and entered "Hell's Hike", a twenty-three-mile waterless stretch. They must make the distance in a one-day march. The advance guard encamps twenty miles below the border tonight. The entire expedition is moving northward.

Senate Urges Congress To Construct a Military Highway.

Salem, Feb. 1.--(United Press)--The Senate passed a resolution urging Congress to construct a military highway on the Pacific coast from Canada to Mexico. Senator Smith said: "The highway would be very useful in the event of war, and profitable in time of peace."

Representative Goode introduced in the House a bill taxing all property owned or held in trust for churches, religious corporations and institutions. It exempts property exclusively used for church and Sunday school purposes.

Representative Lauegaard presented a bill regulating jitney busses. It provides a fifteen dollar license fee, the license to be obtained from the Public Service commission. It fixed routes and time rate schedules. It fixes chauffeurs' qualifications.

The House passed the sterilization bill.

Paris Reports Patrol Engagements North of Altkirch.

Paris, Feb. 1.--(United Press)--It is announced that patrol engagements took place east of Rheims and north of Altkirch.

Great Britain Answers Hospital Ship Charge.

Washington, Feb. 1.--(United Press)--British Ambassador Spring Rice handed the state department Great Britain's reply to Germany's charge that the Allies misused hospital ships. Great Britain threatened reprisals if hospital ships were sunk.

Reconnoitering Engagements On Western Front.

Berlin, Feb. 1.--(United Press)--Reconnoitering engagements, giving valuable information as to the disposition of the enemy forces, are the only western front activities reported.

Senator McCumber Denounces President's Peace Note.

Washington, Feb. 1.--(United Press)--Senator McCumber started the debate on President Wilson's peace speech. He denounced the President's ideas. He said the German note foreshadowed an era of slaughter and starvation. "We face a critical situation. The Nation's honor is involved," he said.

Sells Carload of Hupmobiles.

C. Wilson today sold a carload of Hupmobiles to the Enterprise Machine & Auto company.

Cox Fined \$25 Today.

J. N. Cox, found guilty by Municipal Judge Eakin on a charge of illegally selling alcohol, this morning paid the

GERMANS ARE SINKING SHIPS IN SUBMARINE CAMPAIGN

Dutch Steamer and Three British Fishing Smacks Are the First Victims. Others Come Later.

PARLIAMENT OF DENMARK IS CALLED INTO SECRET SESSION. SPANISH CABINET MEETS

Chancellor von Hollweg Addresses Reichstag Committee and Says Germany Accepts the Allies' Challenge for a Finish Fight--Interned German Freighter, Liebenfels, is Sunk at Charleston--All the World is Watching the Outcome of Germany's New War Policy.

London, Feb. 1.--(United Press)--The Belgian steamer Euphrates, and British steamer Trevan, were submarined.

Dutch Steamer and Three British Fishing Smacks Sunk.
(By Ed. L. Keen, United Press Correspondent.)

London, Feb. 1.--Germany's new submarine campaign started today. The Dutch steamer, Epsilon, and three British fishing smacks were the first victims. They were destroyed within the barred zone. The crews' fate are not reported.

Parliament of Denmark Called Into Secret Session.

Copenhagen, Feb. 1.--(United Press)--A specially summoned cabinet meeting discussed the German note. It is understood the cabinet summoned Parliament to a secret session.

Chancellor Hollweg Accepts Challenge For Finish Fight.

Amsterdam, Feb. 1.--(United Press)--Chancellor Von Hollweg addressed the Reichstag main committee. Berlin dispatches quoted him as saying: "The Allies challenge us to fight to a finish. We accept. We stake everything. The enemy's conditions mean destruction of Germany's defensive force."

Spain Believes Commerce With Allies Is Forbidden.

Madrid, Feb. 1.--(United Press)--The cabinet met and discussed the situation. Spain understands Germany forbids neutral commerce with Allies regardless of flag or cargo.

German Interned Freighter Believed To Be Scuttled.

Charleston, Feb. 1.--(United Press)--The interned German freighter Liebenfels sank at anchorage. The German crew refused assistance. It is believed she was scuttled.

\$25 fine imposed by Judge Eakin. The charge preferred against Cox was that he procured a 50 cent bottle of alcohol for George Rippey of 215 Fir street.

T. R. Must Look to Laurels.

Mismarek, N. D., Feb. 1.--(United Press)--"T. R." isn't going to have anything on North Dakota's farmer legislature. This was indicated by the recommendation of the state board of health today that the fifteenth legislative assembly pass a law giving bo-

THE WEATHER

Portland, Ore., Feb. 1.--(United Press)--The United States weather bureau forecast: Fair, except unsettled weather and probably rain and snow in northwestern Oregon. Southerly winds.