

AMERICAN PRINCIPLE, SAID BY

Britain, However, Says Right to Search Suspicious Car-

ALLEGED FRAUDS CITED

Increased Shipments to Certain Neutrals Declared to Show Germany and Austria Have Been Receiving Contraband.

(Continued From First Page.)

neutral countries has been so seriously affected. The only figures as to the total volume of trade that I have seen are those for the exports from New York for the month of November, and they are as follows, compared with the month of November, 1914, and November, 1913, respectively:

Table with 3 columns: Country, 1913, 1914. Rows include Denmark, Sweden, Norway, Italy, and Ireland.

It is true that there may have been a falling off in cotton exports, as to which New York figures would be no guide, but most careful not to interfere with cotton, and its place on the free list has been scrupulously maintained.

Adverse Effect of War Admitted. That the existence of a state of war, on such a scale, has had a very adverse effect upon certain great industries, such as cotton, is obvious; and it is admitted that this is due to the general causes of the war, and not to the existence of a state of war and consequent diminution of purchasing power and shrinkage of trade which has been in progress in Europe.

Information Will Be Acted On. Whatever suspicions we have entertained as to a ground for detaining any ship carrying cotton, but should we have information giving us real reason to believe that the bales of cotton concealed copper or other contraband, the only way to prove our case would be to examine and weigh the bales, a process that could be carried out only by bringing the vessel into port.

Real Policy Unchanged. The figures quoted by Sir Edward Grey of American trade are held to present a strong case for the British view, and the government is fully supported by the newspapers in its view that, while all possible concessions should be made, the principle of procedure are concerned, England's position in the war precludes any real change in policy.

Foodstuffs Not Detained. With regard to the seizure of foodstuffs, to which your Excellency refers, His Majesty's government is prepared to admit that this rule has been adhered to in practice hitherto, but if the United States Government has been adhering to the contrary, we are prepared to examine them, and it is our present intention to adhere to the rule, though we cannot give an undertaking in advance.

Examination in Port Necessary. Information was received by us that special instructions had been given to ships rubber from the United States under another designation to escape notice, and such cases have occurred in several instances. Only by search in a port can such cases, when suspected, be discovered and proved.

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SALIENT EXTRACTS FROM BRITISH GOVERNMENT'S REPLY TO AMERICAN PROTEST.

His Majesty's government cordially concurs in the principle enunciated by the Government of the United States, that a belligerent in dealing with trade between neutral countries should not interfere unless such interference is necessary to protect the belligerent's national safety, and then only to the extent which it is necessary.

That the existence of a state of war, on such a scale, has had a very adverse effect upon certain great industries, such as cotton, is obvious; and it is admitted that this is due to the general cause of diminished purchasing power of such countries as France, Germany and the United Kingdom, rather than to interference with trade with neutral countries.

The presumption is very strong that the bulk of copper consigned to these countries (Italy, Norway, Sweden, Denmark and Switzerland) has recently been intended, not for their own use, but for that of a belligerent who cannot import it direct. It is therefore, an imperative necessity for the safety of this country while it is at war that His Majesty's government should do all in their power to stop such part of this import of copper as is not genuinely destined for neutral countries.

With regard to the seizure of foodstuffs, to which your Excellency refers, His Majesty's government is prepared to admit that foodstuffs should not be detained and put into a prize court without presumption that they are intended for the armed forces of the enemy or interference with the neutral trade. We believe that this rule has been adhered to in practice hitherto, but if the United States Government has instances to the contrary, we are prepared to examine them, and it is our present intention to adhere to the rule, though we cannot give an undertaking in advance.

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Whatever suspicions we have entertained, we have not so far made these a ground for detaining any ship carrying cotton; but should we have information giving us real reason to believe, in the case of a particular ship, that the bales of cotton concealed copper or other contraband, the only way to prove our case would be to examine and weigh the bales, a process that could be carried out only by bringing the vessel into port.

We are confronted with the growing danger that neutral countries contiguous to the enemy will become on a scale hitherto unprecedented a base of supplies for the armed forces of our enemies, and for materials for manufacturing armaments. The trade figures of exports show how strong is this tendency.

The effect of prohibiting the publication of manifests until 30 days after vessels sail from American ports must be to increase the difficulty of ascertaining the contents of cargoes, and to render necessary, in the interests of our national safety, the examination and detention of more ships than would have been the case if the former practice had continued.

His Majesty's government does not desire to contest the general principle of law on which the United States Government is based, and desire to restrict their action solely to interference with contraband destined for the enemy. His Majesty's government is prepared, whenever a cargo coming from the United States is detained, to enter into any arrangements by which mistakes can be avoided and reparation secured promptly.

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RIGHT OF DETENTION IS TO BE INSISTED

United States Will Not Concede That Cargoes Must Be Examined in Port.

FIGURES ARE QUESTIONED

Failure to Mention Great Number of American Ships Detained Is Noted—Reply in General Regarded as Satisfactory.

WASHINGTON, Jan. 10.—While they are generally reserved in their comments, it may be said authoritatively that high officials of the United States Government regard the tone of the note as entirely friendly and believe, moreover, that the discussion which will follow it will be carried on in the same vein, with a desire on the part of both countries to reach a satisfactory understanding.

The admission by Great Britain of one of the chief points in the American note—that the relations between neutrals were those of normal times of peace and not of war—was gratifying to officials, who believed that the controversy between the two countries had been resolved into a frank discussion of what the actual necessities of the case which impeded interference by the belligerent when suspecting that the ultimate destination of a neutral cargo is belligerent territory.

Statistics Held Misleading. The statistics brought forth to show that commerce between the United States and neutral countries contiguous to Germany and Austria had increased materially since the outbreak of the war were regarded by the British as misleading. It was pointed out that in view of the breaking down of the normal routes of commerce with Germany and Austria, many non-contraband products had been shipped through neutral countries. Similarly, the neutral countries which previously had obtained much of their supplies from belligerents were now importing from the United States.

As to the increase in shipments of goods to the United States, it was pointed out that the Italian Ambassador here already had explained that Italy, which had previously obtained copper from Germany and Austria, had now been forced to import from the United States because of the embargo on exportation which the belligerents themselves had imposed. The American Government contends, moreover, that if some copper had reached the belligerents through neutral countries, it would have been of great value to them.

Foodstuff Admittance Pleasing. The admission of Great Britain as to the difficulty of ascertaining the contents of cargoes, and to the fact that Lord Salisbury's doctrine of the American note, would be followed in practice by the British, foodstuffs being held up only when destined to an enemy, also was pleasing to the American officials.

There is every reason to believe that the British reply will accept the view of Great Britain that cargoes must be taken into port for extended examination. While statistics advanced by the British Secretary of State, who has actually gotten into the prize courts, officials here note that no mention is made in the British note of the British Foreign Secretary's statement that Lord Salisbury's doctrine, which was not the loss already suffered by American commerce which brought forth the American note, but was intended to prevent commerce in the future from being interrupted. The United States also laid stress on the effect which the delay in American cargoes had on shippers, who hesitated to export cargoes on account of the hazards of the sea, and the loss of time in applying their own rules.

Argument Regarded as Novel. Officials regarded as novel the argument of Great Britain that it could not give unlimited adherence to the rules with respect to conditional contraband destined for belligerent countries, because Britain's enemies had departed from hitherto accepted rules of conditional contraband. It was suggested that American commerce should not be forced to suffer because of instances over which this country had no control, and which would have no possible control.

As a whole, the note of the British government is regarded as satisfactory, though the State Department will marshal statistics and facts to dispute some of its contentions. These will be set forth in the American note, which will follow the receipt of the note that is to follow this preliminary communication.

Improvements being put into effect daily by the allies in the treatment of neutral commerce are counted on to ameliorate the situation generally.

There is little doubt, says the Mail, that the bulk of copper shipments to neutral countries since the war were destined for Germany, and there is still less doubt that copper shipments not genuinely destined for neutral countries should be stopped.

"Indeed," the Daily Mail says in conclusion, "when taken in conjunction with the concessions he is able to announce, Sir Edward's reply will, we think, satisfy the American Nation that there is little left for two business-like nations to differ about."

Quoting the figures given by Sir Edward Grey of American exports to neutral countries which "have a German destination," the Daily Chronicle says that, confronted by them, "citizens of our country like ours, which, by gigantic efforts has retained command of the sea, is bound to ask himself not whether our navy has interfered too much with the trade, but whether it is interfering enough."

Claims to Be Expected Later. The Daily Telegraph, in an editorial, says it is confident that the British reply will be regarded as a reasonable and straightforward handling of an unavoidable difficulty, and adds: "There will undoubtedly, at the end of the war, be a number of claims for compensation founded on alleged unwarranted interference with neutral cargoes, but there need be no more than that, so long as the American and British governments deal with the matter in the temper which is now common to them. It is not impossible that the traders in the United States who feel most bitterly the pressure of our contraband policy are those who feel that business and do so at enormous profit. In their case, the only thing to be said is that one has no right to blockade runners' prices if there is to be no effective blockade."

Manufacturers Meet Tomorrow. The annual meeting and banquet of the Manufacturers' Association of Oregon will be held at the Commercial Club Tuesday night, January 12, at 8:30 o'clock. Matters of importance to the members will be discussed and election of officers for the year will be held.

Journey East via California and you will have ample opportunity to visit the Expositions at San Francisco and San Diego, as well as the various outing resorts in California.

SUNSET ROUTE which brings you direct to New Orleans and connects with trains for Florida Beach Resorts, Jacksonville, Key West, Miami, Palm Beach, St. Augustine and Tampa. The

Sunset Limited (No Extra Fare)

Leaves San Francisco daily, makes trip to New Orleans in 73 hours, 50 minutes. Very modern convenience—Observation Sleeping Car, Ladies' Parlor and Library and Diner, Electric Berth Lamps. Through Tourist Car San Francisco to Washington, D. C. on this train. Makes direct connection at New Orleans with the Southern Pacific Atlantic Steamships to New York every Wednesday and Saturday. Fare same as all rail, but includes meals and berth on steamers.

Full particulars, fares, reservations and copy of "Wayside Notes" describing trip San Francisco to New Orleans on application at City Ticket Office, 80 Sixth Street, Union Depot or East Morrison Street.

SOUTHERN PACIFIC JOHN M. SCOTT, General Passenger Agent, Portland, Or.

B. S. PAGUE IS AT REST

BAR AND LAYMEN GATHER TO PAY LAST TRIBUTE. Casket Hidden by Floral Offerings While 200 Hear Services Over Body of Late Attorney.

With numerous handsome floral tributes all but screening the casket from view, the funeral rites over the late Beamer S. Pague were held yesterday afternoon at the chapel of Finley's undertaking parlors. More than 250 friends of the late attorney gathered at the funeral to pay their respect to the memory of Mr. Pague, who died shortly after an operation for kidney trouble, from which he had suffered for nine years.

Rev. W. G. Elliot, Jr., of the First Unitarian Church, officiated at the services at the chapel and also at the brief committal ceremonies at the Sellwood crematorium.

Members of the bar of Multnomah County were present the funeral in a large number. Circuit Judge Morrow, at the suggestion of President F. F. Booth, of the Multnomah County Bar Association, had appointed the following committee to draft resolutions of condolence to be presented later by the Multnomah County bar: Frank S. Grant, Gus Moser, W. M. Calk, F. H. Whitfield and C. R. Meloney.

The pall-bearers were: W. O. Haines, E. H. Senech, A. J. Farmer, J. T. Plagemann, E. C. Richter and Dr. E. F. Pernot.

John Clair Monteith was the soloist, singing "Nearer, My God, to Thee" and "Beautiful Isle of Somewhere."

MUTUAL PHONE MEN ELECT

Molalla Company Meets and Reports on Conditions During 1914. MOLALLA, Or., Jan. 9.—(Special.)—The Molalla Mutual Telephone Company held its annual meeting Saturday. It has 255 members. The company owns its central office. It has a hundred miles of line, covering the whole section surrounding Molalla. The lines are connected with several mutual companies on an exchange system. Last year the service cost only \$5.50. This

MONEY FOR MONEY—Pound for Pound

—there's no food that equals Grape-Nuts in concentrated food-strength. A pretty big claim, but listen—

"All-wheat food" sounds good to most people, but Grape-Nuts goes one better. It not only contains the entire nutriment of wheat, but also the rich nourishment of barley.

More! Grape-Nuts is long baked and digests quickly. Most wheat foods—bread, for instance, and some so-called breakfast foods—require 2½ to 3 hours for digestion.

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Ready to eat from the package, appetizing, nourishing, economical—

"There's a Reason" for Grape-Nuts —sold by Grocers everywhere.

WIDOW NOW DOUBTED

POLICE SUSPICIOUS WHEN ROBBERY TALES DIFFER. Mrs. C. Perra's Second Report That She Carried Revolver Doesn't Jibe With First About Cemetery Holdup.

Mrs. C. Perra reported yesterday that she had carried a .32 caliber "special" revolver, an assertion conflicting with one made the day before, led the police yesterday to regard with suspicion the story of the widow who complained that she had been held up, beaten, robbed and shot by a masked man and a veiled woman on her return from Riverview Cemetery Saturday.

The revolver Mrs. Perra carried belonged to Patrolman Pasquales. Tusi, her son-in-law, the policeman reported yesterday.

The wound in the calf of the woman's leg was caused by the highwayman's firing into the ground to frighten her, said Mrs. Perra yesterday. The wound ranges downward, the bullet passing out at a point almost directly below where it entered. She stated that she shot herself in struggling with the highwayman. He had a larger gun than her own, she asserted, but took her away from her and the money in her purse, which amounted to \$5.

Patrolman Tusi yesterday said that he did not think the pair that held up his mother-in-law had waited parting alarby for her, but that they had decided to waylay the first person who approached.

German army officers are experimenting with rubber foot pantions to enable soldiers to walk on water, carrying heavy loads and using their rifles freely at the same time.

PLAY TO BE REPEATED

"THE BLINDNESS OF VIRTUE" WILL BE STAGED TOMORROW. Matinee Production Decided On to Give Those Disappointed Last Week One More Chance.

Thousands of interested women saw the Baker Players' production of the fascinating problem play, "The Blindness of Virtue," last week, but the four matinees were so packed that many were turned away at the last moment because they could not get seats. Manager Baker, noting the increasing approval of interest in the play, decided to give one more performance of it, which is scheduled for tomorrow afternoon.

"The Blindness of Virtue," which has been extolled by mothers, teachers and social workers from all over the city, is one of the most beautiful and interesting dramas ever given in stock in this city, and tomorrow's performance of it will be the last opportunity to see it. The curtain will rise at 2:30 sharp and seats should be procured in advance to avoid any possible chance of again being disappointed at the last moment, as occurred in so many instances last week.

COURT HOLDS SEATTLE RAILWAY IS CHARGED UNLAWFUL RATE

SEATTLE, Wash., Jan. 10.—Holding that the Illinois law declaring rates higher than 1 per cent to be usury applied, Judge A. W. Frater, of the King County Superior Court, Saturday awarded Peabody, Houghtaling & Co., of Chicago, only \$70,000 of its \$200,000 claim against the Seattle, Renton & Southern Railway, an electric line, on collateral trust notes held by the Chicago banking firm.

The \$30,000 interest and discount, amounting to 8 per cent, was invalidated because in excess of the interest allowed by the laws of Illinois, where the notes were drawn. On the other hand, Judge Frater held that a bond issue of \$25,000, made by the railway, bought by Peabody, Houghtaling & Co., was valid at 6.8 per cent.

HANDICUFF MAN FLEES

BATISTE ROBENO ESCAPES FROM WALLA WALLA JAIL. Ten Minutes' Start and Darkness Enable Prisoner to Elude Posses in Spite of Wounds on Arms.

WALLA WALLA, Wash., Jan. 10.—(Special.)—Batiste Robeno, the handcuffed man arrested in Pendleton Wednesday and brought here pending an investigation by Federal officers, escaped from the County Jail tonight and at 11 o'clock was in Walla Walla. He had only about ten minutes start of the officers, but the darkness gave him added advantage. Robeno was in the hospital ward receiving treatment for his arms, which are in a serious condition from the wearing of handcuffs for months. He was not locked up during the day and while Jailor W. H. Hovcutt stepped into another part of the jail with a physician Robeno walked down stairs and outside. A man seated at the office heard him walk out but paid no attention. One of Robeno's wrists is swollen to several times its normal size. The muscles of the other arm are cut in two for months, according to Dr. E. E. Shaw. Both of his hands are bandaged. He speaks no English.

Tax Levy Change Proposed. SALEM, Or., Jan. 10.—(Special.)—One of the first bills to be introduced by the Multnomah County delegation will relate to school districts of the first class. Its primary object will be to abolish the annual meetings of taxpayers to pass upon the school budgets. The bill also will change the length of terms of School Directors. It will apply only to the Portland school district.

INTEREST ON NOTES DENIED

Court Holds Seattle Railway Is Charged Unlawful Rate. SEATTLE, Wash., Jan. 10.—Holding that the Illinois law declaring rates higher than 1 per cent to be usury applied, Judge A. W. Frater, of the King County Superior Court, Saturday awarded Peabody, Houghtaling & Co., of Chicago, only \$70,000 of its \$200,000 claim against the Seattle, Renton & Southern Railway, an electric line, on collateral trust notes held by the Chicago banking firm.

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