IS OPTIMISTIC FEELING

Foreign Office Aware of, Delicate Nature of Situation, but, Like Washington, Is Disposed to Avoid Rupture.

BERLIN, via London, Aug. 26,-1f the summander of a German submarine exreeded his instructions in sinking the steamer Arabic, the German government will give full antisfaction to the United States, Chanceller von Bethmann-Hollweg infurmed the Associated Press correspondent in an interview

BERLIN, via London, Aug. 25,-White the altuation regarding the case of the Arabic is by no means clear, indications were noticeable today of A eller that a moderate amount of optimilen regarding the case is well justi-fled and that a way will be found out of the entanglement, even should it be established that the steamer was torpedoed without warning-an assumption which the German government does not yet, in the lack of any effi-

does not yet in the lack of any entricial report on the subject, accept.

The newspapers and the public seem hardly to have awaketed to the nature of the situation, and between the divergent views of Theodore Rocsevit and William J. Bryan, which were given today, find little enlightenment regarding the real state of American public colinion.

The foreign office, however, is evi-uity fully aware of the delicate na-re of the situation and is disposed 12-MILE LINE IS FORMED Foreign Office Avoids Crisis. te swoid a crisis.

WASHINGTON, Aug. 25.—President Wilson has been informed unofficially from sources close to Count von Bernsterff, the German ambassador, that the next communication from Berlin en the sinking of the White Star liner Arabic will be of a character satisfactory to the United States.

Coming close on the telegram which the ambassador forwarded to the state department yesterday by direction of his government, declaring that it was not the intention of Germany that any American lives should be sacrificed in the sinking of the ship, this development was regarded as indicating that Germany would make some proposal satisfactory to the United States regarding submarine attacks on ships purely of a passenger-carrying nature.

Washington Wants No Repture.

Washington Wants No Hapture.

Heretofore Germany has contended that pectral lives could not insure a beliggerent ship against attack, especially those carrying munitions. Officials in sure assumed ring in the death or insure a sure metering her contended right it submirates on Monday on the Asisten Germany would now take without any surrender in her counted right it submirates of the submiration officials in the day without any surrender of neutral rights, was reflected by officials in formally while discussing this latest phase of the Arabic without warning of the Arabic without warning would be forthcoming, but the Arabic without warning would be forthcoming but the Arabic without warning would be forthcoming to the Arabic mentals as given out by the ready to listen to Berlin's next word.

Be manager of the outskirts of the outskirts of the death or insulation is ready to listen to find the Darabelle should be forthcoming, but the Administration is ready to listen to Berlin's next word.

Be manager of the outskirts of the death or insulation is the Darabelle should be forthcoming, but the Administration of the fighting and that a French efficial report of the fighting in the death or insulation. They were hopeful that a disavowal of the fighting in the Darabelles between August 19 and the Arabic without warning would be forthcoming, but the Administration is ready to listen to Berlin's mediant to the Darabelle should be forthcoming, but the Administration to reduce the fighting and that a French average sagainst transport.

They were hopeful that a disavowal between August 19 and a finance of the fighting and that a French average sagainst the submirate commanders act in sinking the Arabic without warning would be forthcoming, but the Administration to the Darabelle should be forthcoming, but the Administration to the Darabelle should be forthcoming to the bottom a large Turkish transport.

The statement as given out by the

# GRAFT DECLARED FOUND

MANITORA ROYAL COMMISSION REPORTS ON INVESTIGATION.

Nearly \$500,000 Overpayments on Par-Rament Buildings Charged to Recent Roblin Government.

Hencest Robits Government.

WINNIPEG, Man. Aug. 25.—Charges that enermous overpayments were made to the contractors who erected the new Farliament boildings of the Frowlness of Manitoba; that these overgaments in part at least work for signed to provide a companyments of Manitoba; that these overgaments were cognized to gravide a companyment of what was going or were controlled that government were cognized to what was going or were from the following the foll

German destroyer was more pow

MASTER OF THE ARABIC, SUNK BY A GERMAN SUBMARINE AUGUST 19.



It is alleged that rates put into effect after the joint rates were discontinued are so high as to prevent mills on the Astoria division from competing for business in Eastern markets that require transportation over the Union Pacific system. The Commission is asked to restore joint rates on a basis that will enable these mills to compete with other Oregon mills.

SURVIVORS OF ARABIC SAIL

Screened.

# the cancellation of joint rates and through routes applicable to carload shipments of forest products from points on the Astoria division of the North Bank Railroad, via Portland and the North Bank and Union Pacific systems to points East. It is alleged that rates put into effect after the joint rates were discon-

British Make Distinct Gain on Gallipoli Peninsula.

The statement as given out by the French War Office this afternoon fol-

French War Office this afternoon follows:

The period of five days since the
lexuing of the last communication on
the Durdanelles has been marked in
the northern sone by further progress
on the part of the British left wins.
These British troops have occupied see
raids of enemy trenches.

"During the night of August 22-24
a French company was successful in
a surprise attack on a Turkish position used by the enemy for listening
purposes. In the morning of August
25 a detachment of Turkish soldiers
endeavored to reoccupy this position,
but they were repulsed.

"On August 26 our squadron bombarded with success a point of debarkment at Acbachillman.

"In spite of the violent fire of numerous heatile batteries, one of our
aviators was successful in sinking at
its anchorage a large Turkish transport."

LUMBER MILLS COMPLAIN

The German destroyer was more powerful than the French the dispatch says, and the commander of the French boat saked by wireless for assistance. Its did not wait, however, for the arrival of help, but engaged the German craft. The French boat fired first and scored a hit. She then isunched a torpedo, which sank her adversary.

After the first shot took effect, the damaged German vessel set off toward Ostend, where a German coast battery fired at a pursuing destroyer, but succeeded only in preventing the rescue company, of Wauna, and the Hammond Company of the French destroyer of the crew of the sinking German boat.



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Russian Aeroplanes Bombard Constantinople, Killing Several Persons, and French Report

Liner, Some Fearing Risk.

Liner, Some Fearing Risk.

Liner, Some Fearing Risk.

London, Aug. 25—The American Line steamer St. Paul, which sailed for New York from Liverpool today, had on board a number of survivors of the steamer Arabic.

Virtually all the berths on the St. Paul were occupied. Many passengers who had engaged accommodations, however, canceled their passage at the last moment, owing to what were considered here the more acute reconsidered here the more acute reconsidered here the more acute processes in an according to the eath or in day and dearny arising from the sinking of Constantinople by a Russian aeroplane squadron, resulting in the death or in Germany arising from the sinking of the Arabic.

According to these advices, the attack was made on Monday on the Asiatic suburbs of Constantinople, A number of bombs were dropped, throwing the peoule into panic. Thirty Turks, algint Greeks and three Armenians were killed or wounded.

A dispatch from Paris gives the



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