ARMED NEUTRALITY IS GRECIAN POLICY

Events to Be Met as They Occur, Announces Prime Minister Zaimis.

EX-PREMIER WOULD STRIKE

Chamber Will Support Government as Long as His Policy Is Not Altered, Says Venizelos—Nation Declared Menaced.

LONDON, Oct. 12.—The Greek chamber was informed by Premier Zaimis at a meeting yesterday that in order better to assure the vital interests of Greece, her neutrality will "for the present be armed," says a Reuter dispatch from Athens.

The premier added that the future course of the ministry will be adapted to meet events as they occur, and expressed the belief that the government's course has the support of the people.

Ex-Premier Gives Warning.

In reply ex-Premier Venizelos said: "No one would wish to create internal difficulties in the country in view of the extremely critical situation. The chamber will give its support to the government as long as the government policy does not alter the principles of my policy on which the chamber already has given its vote.

"Even if there existed no treaty with Serbia our interest would oblige us to depart from neutrality as another state wishes to aggrandize itself at our expense.

Attack on Bulgars Favored.

"The question is not whether we ought to make war or not, but when we ought to enter the war. In any case, we ought not to allow Bulgaria to crush Serbia in order that she then may attack us with all her forces.

"The national soul says it is to the interest of Greece that Bulgaria should be crushed. If Bulgaria should triumph, Hellenism will be completely vanquished."

The sitting of the chamber then was adjourned until next Monday.

PLANES FIGHT IN CLOUDS

BOMB-LOADED FRENCH CRAFT BATTLES DURING SPIRAL DIVE.

Wounded Observer Removes Fuses From Explosives and Guides Machine in Safety Back to Lines.

PARIS, Oct. 12.—A battle between a French aeroplane loaded with 90-millimeter bombs and a fast double-engine German plane was one of the incidents of the battle in the Champagne when the allied offensive was at its height. The French machine had just set out to destroy a line of railroad track back of the German lines when the German craft emerged from a cloud.

Almost as soon as the air battle started, the machine gun on the French aeroplane jammed.

"Dive, dive!" shouted the observer to the pilot.

The machine plunged in a swift curve, but the German dived, too, and continued to fly around the French machine, which was hampered by the weight of the bombs it carried. After firing his carbine until his supply of cartridges was exhausted, it occurred to the French observer that an abrupt landing would be fatal unless the fuses were removed from the bombs. He coolly set about taking out the fuses and had just finished the task when a bullet struck him in the back and a moment later another shattered one wrist.

The pilot was hit in the eye by a piece of the propeller which had been knocked off by a bullet. Again he was wounded in the abdomen and fainted. Then the observer seized the levers and guided the machine into the French trenches.

Both the observer and pilot have survived their wounds and the names of both have been proposed for the Legion of Honor.

WARSHIP TROPHY AWARDED

Michigan Again Carries Off Honors for Battle Efficiency.

NEWPORT, R. I., Oct. 12.—The trophy for battle efficiency was presented to the battleship Michigan today. Admiral Fletcher, Vice-Admiral Mayo and the Rear-Admirals of the various divisions assembled here and about 200 officers were present when the red pennant with the black ball in the center was handed to Captain Niblack.

This is the second time the Michigan has led the Atlantic fleet in battle efficiency for gunnery and engineering. A letter from President Wilson congratulating Captain Niblack and his men was read.

The gunnery trophy was presented to the battleship Georgia, Captain Joseph W. Oman commanding.

BAR ON COTTON TO WIDEN

Britain to Stop Piece Goods Shipped to Neutral Countries.

LONDON, Oct. 12.—In reply to a question in the House of Commons today as to whether the government was still allowing cotton to go into Germany under certain circumstances, Sir Edward Grey, the Secretary for Foreign Affairs, said that raw cotton, cotton waste and cotton yarn all have been declared contraband and that every possible step has been taken to prevent these from reaching Germany.

It was intended, the Foreign Secretary said, forthwith to declare as contraband cotton piece goods and other cotton products, and prohibit the export to neutral countries contiguous to Germany and Austria of such goods, if capable of being used in the manufacture of explosives.

RISING SCALE IS DEFENDED

(Continued From First Page).

porations on all income is justified on the ground that corporations have no personal or family expense, while loss of means to support a family by an individual results in more public charges.

Complaints of discrimination against holding companies by requiring corporations and not individuals to pay a tax on corporate dividends are met with the statement that there is a greater difference between individuals and holding companies than between individual and active corporations, and that the court has upheld a distinction in the latter instance in the corporation tax cases.

Double Taxation Avoided.

Collections of the additional tax from individuals and not from corporations is defended as avoiding double taxation.

The argument that there is an unlawful discrimination in the tax on husband and wife living together, in that they are entitled only to one exemption of $4000, is answered with the point that Congress was justified in making a distinction between the separate maintenance of two persons on the one hand and their combined maintenance at lesser cost on the other.

The corporation tax decisions are referred to in the brief as authority for any interference of the tax with the formation of holding companies, and objections to requiring corporations to collect at the source is met with the contention that there is a real difference between a corporation with an interest-paying indebtedness and one not so organized.

HONOR SYSTEM RAPPED

JUDGE SAYS ERROR IS REAL DANGER TO SOCIETY.

Attempt to Make Honorable Citizens Out of Confirmed Rogues Declared to Be Failure.

OAKLAND, Cal., Oct. 12.—That the honor system among convicts was a failure and a crime against society was the declaration made today by Judge J. E. Frick, of the State Supreme Court of Utah, in an address before the American Prison Association.

"Theorists think that it is only necessary," he said, "to call a convict a man of honor to make him one. This is a pernicious error and lets loose upon the community many a dangerous man. The attempt to make honorable citizens out of confirmed rogues is trying to do what the Almighty has failed to accomplish. A 'repeater' is seldom reformed, because he lacks moral force."

W. H. Whittaker, superintendent of reformatories at Washington, D. C., said he was opposed to road-building by convicts and that their time could be taken up to better advantage by a system of education.

Resolutions were prepared by the association, to be presented to Congress at its next session, providing for the establishment of a central bureau of identification at Washington, D. C.

PEOPLE WILL GUIDE YUAN

Chinese President Willing to Be Emperor if Asked to Accept.

PEKIN, Oct. 12.—In a mandate dated October 10 and issued last night, President Yuan Shi Kai acknowledges receipt from all the provinces of the Chinese Republic of petitions urging a restoration of the monarchy. He says emphatically that the will of the people must solve the question of a change in form of government and that any change must be in accordance with the constitutional compact.

The people's real wishes will be followed, President Yuan Shi Kai declares. He orders those in control of the elections to carry out their duties strictly in accordance with the law.

It is learned officially that the National Assembly will be called early next year and that whichever form of government is decided on in the impending expression of the popular will, the government will be a constitutional one.

President Yuan Shi Kai's statement indicates that he will accept the emperorship if the monarchical form of government is declared for by the people.

COMMONS APPROVES LOAN

Chancellor McKenna Replies to Criticism of Interest Rate.

LONDON, Oct. 12.—A loan bill to confirm the action of the government in raising a loan of $500,000,000 in the United States in conjunction with France, passed through all stages of the House of Commons tonight. It is expected to receive the royal assent as soon as the House of Lords has formally passed it.

Previous to the passage of the bill Reginald McKenna, the chancellor of the exchequer, explained the reason for the loan and its terms, and replied to criticisms as to the rate of interest charged for the loan and the profit to be made by the underwriters. These criticisms were made by a few members of the house.

A large majority of the members gave the bill their unqualified support, and it was passed unanimously. It is believed here that the passage of the loan bill will not have an immediate effect on the rate of exchange.

GERMAN STEAMER IS SUNK

British Submarine Destroys Ore Carrier in Baltic.

KALMAR, Sweden, via London, Oct. 12.—The German steamer Nicomedia, with a cargo of 6800 tons of iron ore, from a Swedish port for Hamburg, was sunk in the Baltic yesterday by the British submarine E-19.

The Nicomedia was sunk off the southern point of Oland, a Swedish Island which Kalmar Sound separates from the mainland.

The submarine allowed the crew of the Nicodemia 15 minutes to take to the boats. It is reported that they all landed safely.

The Nicomedia belonged to the Hamburg-American line. She was of 4391 tons gross, 384 feet long and was built in 1901. The British submarine E-19 is a new boat.

LONDON, Oct. 12.—The British steamer Halizones, of 0593 tons gross, has been sunk. Her crew was saved.

AUSTRIA CALLS FOR GOLD

People Urged to Exchange Jewelry and Plate for Notes.

ZURICH, Switzerland, via London, Oct. 12.—The Austrian government has issued an appeal to the public to take all gold and silver jewelry, plate and other articles made of these metals to the mints for conversion into coins or bars. The necessity of strengthening the gold reserve and getting payments abroad for goods for military purposes is given as the reasons for the appeal.

Persons who surrender gold or silver will receive full payment in bank notes and certificates of honor for their patriotic acts.

Rate Hearing Ordered at Portland.

OREGONIAN NEWS BUREAU, Washington, Oct. 12.—The Interstate Commerce Commission today ordered a hearing at Portland December 2 before Examiner Pugh on the complaints of the West Coast Lumber Manufacturers' Association and the Astoria Chamber of Commerce against the North Bank and other railroads with special reference to rates on lumber.

ARMENIAN EXILES IN BITTER PLIGHT

American Professor in Turkish College Tells of Murders by Wholesale.

GREEKS ARE THREATENED

Turn of Other Foreigners to Come Next, American Consul Is Said to Have Been Told—Motive of Persecution Mixed.

NEW YORK, Oct. 12.—Alleged atrocities inflicted by the Turks on the Armenians were described here today by the American committee on Armenian atrocities in the form of a letter received from an American professor in one of the American colleges in Turkey.

"Everyone," the committee explains, "familiar with the temper and spirit of Turkey at the present time will readily understand why his name and more particulars as to the places cannot be given to the public."

The writer says that during the last week in April the professor of Armenian at his college was arrested and imprisoned, with 25 other prominent Armenians. Later he was taken to Sivas, where he died. On June 26, many of the prominent men, including Professors Hagopian and Manasajian, were taken to the soldiers' barracks, until the total numbered 1215.

Men Slain by Criminals.

"At a place three hours distant from the city on a lonely road leading to Zeilh all of these men were brutally slain by the gendarmes and by men called chettehs. Chettehs are murderers released from prison for the express purpose of practicing atrocities on Armenians."

The writer also tells of the wholesale deportation during July of 12,000 persons from that section of the city nearest to the institution.

"A government officer," the writer continues, "declared that the distination of the exiles was to be Mosul, a city about 500 or 600 miles distant, in the desert region of Mesopotamia. These same officials declared to us that it was practically impossible that any of the people should ever reach this place.

Exiles Weak From Hunger.

"The town of Samsoun was similarly emptied of its Armenian population and also Amasia, Vezir Kopru, Chorun and all other towns and villages in the vicinity of Marsovan.

"The last of August along the Anatolian Railway from Angora to Constantinople saw 50,000 Armenians scattered in the fields and at stations along the road, without adequate supply of food and no means of shelter. At Merkedjie alone, the station-master told us, there were 20,000 exiles. Many were weak from hunger, others almost dead."

The writer says that the American Consul was told that the Turkish government intended to exterminate the Armenians. "He further said," the professor continues, "that when the Armenians were disposed of, the Greeks would be similarly treated, and after that, other foreigners. A like statement was made by Enver Pasha, the Minister of War, to our Ambassador, Mr. Morgenthau.

Persecutors' Motives Mixed.

"The motive for this persecution, according to government officials, was the fear that the Armenians would strike the Turks in the back while they were fighting their foreign enemies. Their motive was mixed. There was in it a large element of religious fanaticism, a greed for loot and a beastial lust."

WASHINGTON, Oct. 12.—Ambassador Morgenthau has reported to the State Department that Armenian massacres have been renewed with vigor since Bulgaria's entrance into the war and that the majority of Armenians in Asiatic Turkey have been killed.

RUSSIANS PIERCE LINE

ADVANCE ON STRIPA RIVER BEING PUSHED VIGOROUSLY.

New Positions Around Dvinsk Cover City Fully and Are Said to Neutralize German Successes.

PETROGRAD, via London, Oct. 12.—Russian forces have pierced the Austro-German lines on the Stripa River. They have already taken prisoner more than 2000 men and 60 officers and have captured four guns and ten rapid-firers.

The Russian advance is being pushed vigorously.

Although little stress is laid on it in the official report, the success obtained by the Russians in a counter attack on a front of 12 miles long from Garbounovka to Lautzessghey nevertheless was a decided one. The Germans were compelled to evacuate the territory around the highway from Dvinsk to Novo Alexandriev.

The general staff regards the blow delivered to the Germans in this district as a serious menace to the disposition of their forces between Novo Alexandriev and the railway from Dvinsk to Poniewach. Simultaneously a strong movement of the Russians southeast of Dvinsk has pressed the Germans to the natural defenses formed by the line of lakes.

Pressing them westward from Vidzy, Russian cavalry occupied the village of Ostie on the west bank of Lake Bogensky. Thus the Germans have been driven further from the Dvinsk group of highways and the roads leading to them.

The new positions occupied by the Russians around Dvinsk fully cover the city and its environs, and taking up of the new lines has neutralized previous German successes.

CHINA'S FATE WARNING

(Continued From First Page).

navism of England. Her ambition is boundless.

"With such neighborly neighbors, what must China do but prepare for defense? Before the European war broke out we had imported a large number of men, the followers of the Prince of Peace, from Europe, the seat of Christendom, over to 'heathen China,' if you are pleased to call us so, to instruct us to turn our ploughshares into swords and our pruning hooks into spears."

Count Okuma's message contrasted with Dr. Chew's foreboding outlook in the hope that the present war would teach a bitter lesson in world peace.

Japan's Attitude Interpreted.

Japan's attitude toward's world peace and American and Japanese relations and misunderstandings were interpreted by Mr. Kiyou Sue Inui, lecturer for the Japan Society of America, Professor Yamato Ichihashi, of Stanford University, and Dr. Sidney L. Gulick, of the Federal Council of the Churches of Christ in America.

Dr. Ichihashi concerned himself with the problem of reconciling the civilizations of the West and East as a remedy for vexing problems and misunderstandings. He accused the United States of forcing Japan to have intercourse with the West, and of changing its attitude toward Japan after the latter had absorbed the progress of Europe and America. He looked for amicable solutions of differences by closer communion between the two races.

Meaning, Not Act, Important.

Commenting on anti-Japanese immigration agreements and the California alien land act of 1913, he said the underlying significance, not the action, is the important thing. He charged that it was an assumption that the two civilizations could not be reconciled. He added:

"It appears that the West does not wish to merge its culture with the East, that it demands that the East submit to the dictation of the West. The reconciliation of the two civilizations is the fundamental and neglected aspect of American-Japanese relations. It can be overcome with the tolerance born of comprehension."

NAVAL POLICY OUTLINED

WILSON AND DANIELS ARE AGREED NAVY MUST BE DOUBLED.

Hundred Submarines and 20 Destroyers Are Wanted Besides Scout Cruisers and Auxiliaries.

WASHINGTON, Oct. 12.—Fifteen to 20 fighting ships of the dreadnaught and battle cruiser type with a proportionate number of seagoing submarines, coast submarines, scout cruisers, destroyers and auxiliaries, enough to make a new American fleet, is contemplated by Secretary Daniels for recommendation as a five-year building programme for the United States Navy.

President Wilson and Secretary Daniels have discussed informally the needs of the Navy and are agreed that in order to be prepared adequately for defense the present strength of the fleet must be almost doubled in the next five years, with the addition of many of the latest type of fast and powerful fighting craft.

Details as to the numbers have not yet been finally worked out, but the idea of fixin a ratio for a continuing programme over a period of five years is the basic principle upon which the General Board of the Navy and Secretary Daniels now are planning their recommendations. Another conference between the President and the Secretary will be held Friday, at which the total number probably will be fixed.

The five-year naval programme, when completed, would add, in addition to dreadnaughts and battle cruisers, nearly 100 submarines, about 70 destroyers and several scout cruisers and a proportionate number of fuel and hospital ships.

An important part of the programme, too, will be a proposal for a large increase in personnel. Appropriation for at least 8000 additional men will be asked for the first year to make up present deficiencies and an adequate number will be sought to man the new ships built in the five-year period.

The total cost of the proposed programme for the first year, according to present plans, is estimated at nearly $248,000,000, or about $100,000,000 increase over last year. Just what construction should be provided for the first year has not been determined. As to the approximate number of ships the fleet should have at the end of five years, however, officers of the general board and Secretary Daniels are understood to be in thorough accord.

Admiral Benson, chief of naval operations, is being consulted daily by the Secretary, and within a few days the complete programme is expected to be ready for examination by President Wilson.

It is considered probable that the construction programme for the first year will exceed that of succeeding years in order that urgent deficiencies may be filled promptly. The general board has been consistently recommending four battleships a year, but last year Congress provided only two in the regular programme, although building of a third dreadnought was made possible by the sale of the battleships Mississippi and Idaho to Greece. The previous year only one battleship was granted. The general board's original programme of having a fleet of 48 first-class battleships by 1929 consequently has suffered materially.

It is understood that after studying the Naval programme carefully President Wilson intends to discuss it in his annual message and to make of it an Administration measure.

The building programme last year provided for 16 submarines, so that the total of such craft, built and building, now is 70. Although efective means of combatting undersea warfare apparently have been found in Europe, it is the purpose of the Navy Department to recommend at least 30 submarines for next year so as to furnish an adequate number for defensive purposes. In the next four years, however, an average of 16 submarines a year, a few of which would be fleet submarines, would be maintained. That would bring the total to about 170 in five years.

It is not known as yet what the plans of the Navy are for the organization of the new fleet, but the general belief in naval quarters is that the plan of having a fleet in the Pacific will figure materially in the programme.

Britain Pays Soldiers' Families.

LONDON, Oct. 12.—More than 1,000,000 pounds sterling ($5,000,000) weekly, is being paid by the British government to the wives and children of soldiers with the colors. This statement was made in the House of Commons today.

It is said no one can breathe at a greater height than seven miles from the earth.

CABLE PROTEST FAILS

BRITAIN SHOWS NO WILLINGNESS TO MAKE CONCESSIONS.

Request That Senders Be Notified at Own Expense When Messages Are Destroyed Is Not Heeded.

WASHINGTON, Oct. 12. — Secretary Lansing said today that representations to Great Britain regarding the confiscation without notice of commercial cablegrams sent from the United States to foreign countries by way of England had met with no success so far. Protests in individual cases, it was said, also had accomplished little, although conditions in this regard were somewhat improved.

It was learned that the American Government recently requested England at least to notify the senders at their own expense when messages were destroyed. This policy, it was said, is being pursued by the French cable companies, but so far Great Britain has indicated no willingness to grant even that concession.

Department officials explained that inasmuch as the cables were British property, the United States had no right to make demands as to how they should be operated. Many complaints from American firms have reached the representatives of neutral nations having business with this country, saying that intercepted orders and other commercial information were being turned over to English merchants, to the disadvantage of their American competitors.

"DRY" TRAINS ADVOCATED

States Urged to Make Drinking by Travelers En Route Unlawful.

SAN FRANCISCO, Oct. 12.—Recommendations that every state be urged to enact laws prohibiting the drinking of liquor on railroad trans were made in a report of the committee on railway service and accommodation submitted at the 27th annual convention of the National Association of Railway Commissioners, which opened its sessions here today. Thirty states were represented.

The committee on service and accommodations also advocated the enactment of a code of uniform laws by all the states governing the service and accommodations furnished by carriers. The enforcement of such a code, the committee report said, would eliminate much of the complaint heard against the present system of regulating railroads through numerous state commissions.