

LUSITANIA AFFAIR ENTERS NEW PHASE

German Policy Toward Armed Merchantmen Causes Delay in Negotiations.

TERMS AGAIN STUDIED

Washington Fears It May Find Itself at Point Where It Stood in Early Days of Submarine Crisis.

WASHINGTON, Feb. 16.—The submarine controversy with Germany cannot be closed until the United States has fully considered the possible effect of the declared intention of the Germanic powers to sink all armed merchantmen of their enemies without warning after February 22.

This announcement was made by Secretary Lansing today instead of the long-expected announcement of a satisfactory settlement of the Lusitania negotiations.

Perfected by months of negotiation, the Lusitania agreement was presented today by Count von Bernstorff, the German Ambassador, in a form which would have been acceptable to the United States had not the Germanic powers announced their determination to regard armed merchant ships of their enemies as warships.

Specific Information Sought. The Lusitania agreement now will not be accepted as finally satisfactory to the United States until President Wilson and Secretary Lansing have decided whether any of its terms would be nullified by the principles of the new submarine campaign.

It is practically certain that the United States will ask to be specifically informed that the assurance previously given for the safety of neutrals and non-combatants at sea have not been and will not be altered by the latest declarations of the Berlin and Vienna admiralties.

Government officials are afraid they may find themselves at the point, where they stood in the first days of the submarine crisis, with the United States contending unpreparedly for the principles of law and humanity in naval warfare and confronted with a long series of diplomatic exchanges, the result of which they cannot foresee.

Bernstorff Gives Opinion. Count von Bernstorff told Secretary Lansing today that it was his personal opinion that in the new submarine campaign his government intended to abide by its promise to sink unresisting liners without warning, given in the Lusitania agreement.

Mr. Lansing informed the Ambassador that such a declaration from his government would be highly desirable.

The Ambassador suggested the possibility of postponing the effective date of the new submarine campaign if it would give time for negotiations to clarify the confused situation, but the Secretary did not commit himself.

This is the situation now. As a result of the correspondence in the Lusitania and Arabic cases, the United States had hoped for the belief that the future conduct of submarine warfare on humane lines and in accordance with the established principles of international law, modified somewhat by the new conditions developed during the war, had been assured.

The State Department had been proceeding lately on the theory that all that was wanted was an abandonment of the Lusitania case to cover the past, not the future.

Assurance Regarded as Nullified. Now the Austro-German notice of intention to sink armed merchantmen apparently is regarded as having destroyed that assurance, and it is deemed useless to try to adjust a past issue while the future is left open, with the almost certain assurance of new incidents arising which may lead to the most serious results.

Officials fear a closer study of the Lusitania agreement may disclose that it is not sufficiently comprehensive to embody the guarantees required for the future. They are quite certain that it cannot qualify, amend or replace the Austro-German notice. A specific assurance on that point would have to be given by Germany and later, perhaps, by Austria.

The recent American circular note to the entente powers proposing disarmament of merchant ships is not regarded as in any way involving an abandonment by the United States of its contention that the belligerents should adhere to existing principles of international law in submarine warfare.

German Policy at Serious Stage. It was issued in pursuance of a design to induce both sides to ameliorate the hardships of such warfare and prevent the loss of innocent lives. Its rejection would simply have the effect to leave standing and in full force the principles of international law, and among others that which permits belligerent merchant ships to carry defensive armament. American officials contend that at no time has the United States relinquished the claim to exemption from attack to unarmed ships.

It is true that at one place in the Lusitania correspondence the point was made by the United States that the ship was unarmed. This was only to meet the German assertion that the Lusitania had mounted guns when she left New York.

The internal political situation in Germany is regarded here as making the situation grave, because the Von

The Servant Problem—who ever heard of it in the home where the housewife knows Shredded Wheat? In five minutes you can prepare a wholesome, satisfying meal with Shredded Wheat Biscuit without kitchen worry or work. For breakfast heat the Biscuit in the oven to restore crispness and serve with hot milk. For lunch serve with sliced bananas or other fruits. Made at Niagara Falls, N. Y.



Thirpitz element is understood to be reasserting itself with considerable effect and the subject requires delicate handling because an upset of the Von Bethmann-Hollweg administration would be regarded as unfavorable in its effect.

Berlin to Ask Question, Too.

What form the next step in the negotiations will be is not disclosed, but there are strong indications that the German government will be asked to assure the United States that merchant ships, armed for defensive purposes only, will be exempt from unwarranted attack.

From German sources tonight came the statement that it was probable Berlin would give such assurances, but that in doing so it would request information as to what the United States considers to be defensive armament. Extended negotiations may follow on that point.

State Department officials, pressed for statements, replied that they considered the situation where it was several weeks ago, when it was described as grave.

Diplomatic correspondence will continue with Austria as well as with Germany. Austria has given assurances in the Ancona case which this Government has no intention of relinquishing. The United States will, of course, continue its efforts to induce the entente allies to disarm their merchantmen, and in the event of their refusing, the United States probably will further limit the character of armament which it considers defensive.

NEW RESERVE OPPOSED

ROSEBURG ATTORNEY OBJECTS TO STATE LIEN LAND PROPOSAL.

B. L. Eddy Asserts Cost of Patrol Would Be Considerable and Loss of Revenue Factor.

ROSEBURG, Or., Feb. 16.—(Special.)—Attorney B. L. Eddy, of Roseburg, has undertaken a propaganda by which to fight the possible creation of a new state forest reserve from the lands due to Oregon for the benefit of the irrevocable school fund.

According to Mr. Eddy, the state, by an act of Congress passed in 1855, was granted sections 16 and 28 of each township for the use of the schools. Some of the lands, however, had been previously taken and in lieu of them others were to be chosen. Action which Mr. Eddy opposes was started recently to exchange these scattered lands for part of the National Forest reserve, some 50,000 acres thus to be procured which would be in compact form. To take care of this large body of timber, Mr. Eddy asserts, would be a separate matter to care for it, while the state would lose a large return now obtained through the National Forests, as well as deprive the farmers of the use of the funds from the sales of school lands, which have been loaned to them in the past.

Mr. Eddy today received a reply to a letter sent to Senator Chamberlain in which the Senator said he was considering the matter presented by Mr. Eddy and thought it was sound reasoning.

Mr. Eddy was connected with the local United States Land Office for a number of years and is well versed in land matters.

\$250 PAID FOR LETTER

ROBERT LOUIS STEVENSON SALE TOTALS \$75,477.

Unpublished Epistle to Author's Mother Brings Top Price; Notes Written in Samoan Language Sold.

NEW YORK, Feb. 16.—(Special.)—The top price at the sale of Robert Louis Stevenson's autograph letters was brought by an unpublished letter to his mother on December 13, 1881, in which he mentions the small sum he received for "Virginibus Puerisque."

"I got only 20 pounds for 'Virginibus Puerisque.' I could take Paul by the beard and knock his head against the wall," he wrote. He refers to the publisher, Kegan Paul. The letter which was signed "Robert Louis Stevenson, his autograph price 2d colored and id plain," was bought by George D. Smith, for \$250.

The sale today consisted of autograph letters to his mother and father, which Mrs. Salisbury Field, of Santa Barbara, inherited from her mother, Mrs. R. L. Stevenson. It included letters from his earliest scrawl to a letter written by him in Samoa, in the native language, July 4, 1894. The letter was written to "Malieta Old Tupu O Samoa," King of the Province of Maie and signed "Lusitania," Stevenson's Samoan name, which means "writer of tales." It was bought by T. W. Bickerton for \$195.

The grand total for today's sale was \$75,477.95.

GALE MENACES HOLLAND

GIANT WAVES DEFEAT EFFORTS TO STRENGTHEN DIKES.

Hundreds of Laborers Work Fervently, but It Is Feared Large Part of Town Will Be Destroyed.

AMSTERDAM, via London, Feb. 16.—The storm now raging over Holland is fiercer and fiercer. Day and night hundreds of laborers are working feverishly to prevent fresh ruptures of the dikes. The force of the storm is such that all kinds of strengthening material are speedily rushed away by the giant waves breaking across the dikes.

Should the storm continue it is feared that two-thirds of the town of Monnikendam, in the province of North Holland, a few miles from Amsterdam, will be flooded. In several other towns the waters have washed through the sluices and have reached many houses, the occupants of which have been obliged to evacuate.

LONDON, Feb. 16.—Dispatches from Amsterdam say a violent storm is raging in the Zuider Zee districts and threatens fresh inundations, particularly at Monnikendam, seven miles north of Amsterdam.

There, despite a precautionary strengthening of the dikes, it is feared the water will burst through.

Water Permit Allowed Yoncalla.

SALEM, Or., Feb. 16.—(Special.)—State Engineer Lewis today approved a permit for the city of Yoncalla to appropriate water from Adams Creek for purposes of a municipal water supply. The cost is estimated at \$20,000, it being necessary to build a six-inch pipeline from the creek to town, a distance of 5.4 miles.

Lincoln Candidate Known Here.

NEWPORT, Or., Feb. 16.—(Special.)—The play, "The Old Maids' Convention" on the Lincoln County Republican ticket, is well known in Portland, for a number of years having been in business in that city. Five years ago he erected the Hotel Nicolai, overlooking Nye Beach.

RUSSIANS FINISH TAKING ERZERUM

Official News of Fall of Gateway of Asia Minor Is Claimed in Petrograd.

ASSAULT LASTS FIVE DAYS

Grand Duke Nicholas Announces Victory in Dispatch to Czar—German Commander Is Said to Have Had 50,000 Men.

PETROGRAD, via London, Feb. 16.—Official announcement is made that the Russians have captured Erzerum. Grand Duke Nicholas has telegraphed the Emperor as follows:

"God has granted the brave troops of the army of the Caucasus such great help that Erzerum has been taken after five days of unprecedented assault. I am indescribably happy to announce this victory to your Imperial Majesty."

The fall of Erzerum, which had been confidently awaited since the news of the taking by the Russian forces of nine of the 13 forts guarding the gateway to Asia Minor, is the cause of great elation tonight in Petrograd.

Controlling the roads through Armenia, with access to Trebizond, Tabriz and Mesopotamia, the capture of Erzerum is calculated to have immense strategic importance in the Russian campaign in the Caucasus. It will directly affect the Balkan campaign by relieving the pressure on the allies at Saloniki.

Plan of Defense Destroyed. The conviction entertained by all Russian military observers that Erzerum ultimately would be forced to capitulate was based on the fact that the remaining nine forts were of considerably less importance than those already in Russian hands and could be readily flanked, or even ignored, in forcing the evacuation of the Turkish stronghold.

The taking of the first fort is believed to have destroyed the plan of defense, since the impregnability of Erzerum rested on the assumption of the German engineers who constructed the fortifications that the position was safe against assault from the south.

In spite of the intense cold and deep snow, the Russian troops took Kop Mountain and dealt the Turks the first staggering blow. Having driven them from this position, the Russian artillery broke through and flanked the other positions, which went like a house of cards, the result of the Russian onslaught exceeding all expectations.

Russians Well Supplied. The Caucasian campaign derived great benefit from the Russian domination of the Black Sea, which enabled the army to receive a plentiful supply of provisions and munitions. The number of men garrisoning the Turkish position before the recent retreat of the Turkish army was estimated at 80,000.

LONDON, Feb. 16.—Reuter's Petrograd correspondent telegraphs that Erzerum has been captured by the Russians.

Possession of Erzerum is of considerable strategic importance, as it is the chief city of Turkish Armenia and the center of a system of roads.

Press dispatches from Petrograd recently said German Field Marshal Baron von der Goltz was in command at Erzerum with 80,000 men; that their message had been cut off and that they had provisions for only a fortnight. A relief expedition was sent by the Turks, but it was reported those forces had been defeated by the Russians, with heavy losses.

Erzerum is about 60 miles west of the Russian border. Its capture, if accomplished, as reported, represents one of the few definite accomplishments of the Caucasian campaign.

MERCHANT BODY FORMS

WILLAMETTE VALLEY ASSOCIATION ORGANIZED AT WOODBURN.

Objects Stated Are to Advance Merchant Cause, Social Interests and to Benefit Patrons.

WOODBURN, Or., Feb. 16.—(Special.)—The Willamette Valley Merchants' Association was organized at Woodburn today by merchants from Hubbard, Aurora, Barlow, Canby, Gervais, Silverton, Scotts Mills, Molalla and this city.

Officers elected were: J. W. Sadler, Aurora, president; A. W. Krause, Aurora, vice-president; F. W. Haskell, Woodburn, secretary; A. E. Austin, Woodburn, treasurer; George Fletcher, Canby, and George Custer, Silverton, advisory board.

Objects of the association, according to the preamble to the constitution and bylaws, are to better conditions of merchants locally in a social and business way, taking up matters of general interest and working in behalf of the interests of North Marion and South Clackamas counties. The association proposes to advance the mercantile cause of this section, and to benefit the patrons of the houses represented.

The charter members are: Messrs. Nibler and De Jardin, of Gervais; Rosenkrans & Fletcher, of Canby; Tall, of Scotts Mills; Mays, of Donald; Knight & Painter, of Hubbard; Wurfel & Erickson, of Barlow; Custer, Alm, Benson & Wolford, of Silverton; Robbins, of Molalla; Sadler & Kraus, of Aurora; A. E. Austin, F. W. Haskell and H. M. Austin, of Woodburn.

The regular meetings of the association will be monthly.

STUDENT IS CALLED HOME

Clifton Dorris, of Eugene, Learns of Father's Death in Butte Disaster.

EUGENE, Or., Feb. 16.—(Special.)—Clifton Dorris, a student at the Eugene Bible University, this morning received a telegram from his mother announcing that his father had been killed in the Pennsylvania mine disaster at Butte. Dorris, who is a freshman at the Bible University, studying for the ministry, left at once for home.

The first news he received was that his father was among the missing. This was in an Associated Press dispatch.

Play Is Given at Clackamas.

CLACKAMAS, Or., Feb. 16.—(Special.)—The play, "The Old Maids' Convention" was given here Monday night. The Christian Endeavor and the women of the Congregational Church, who gave the play, cleared more than \$220. Miss Win S. Osborn won the prize as the best character representation.

Too Careful. The women of America are not spending two million and six hundred thousand dollars every year buying a magazine that doesn't satisfy them. They are too careful spenders for that. That's a good deal of money for women to hand over to one magazine. But they do it. Why? Because of the very simple fact that they want this particular magazine and are willing to give up their money for it. No other reason could exist. That is the answer and back of the answer lies American womanhood's over two million and a half of dollars. It is a convincing answer and it lies in any issue you may buy of The Ladies' HOME JOURNAL. It's only 15 cents.

INCENDIARY NOT BLAMED

BROOKLYN WATERFRONT FIRE LAID TO DEFECTIVE WIRING.

Loss of Probably \$4,000,000 Includes Three Steamers, Many Small Craft and Pier—One Man Missing.

NEW YORK, Feb. 16.—No evidence of incendiaryism has been found, it was announced tonight, in connection with the fire on the Brooklyn waterfront early today which caused the destruction of three British steamships, 37 lighters and barges, a new 800-foot pier belonging to the New York Dock Company, and \$1,000,000 worth of merchandise consigned to the entente allies.

The total loss is estimated at between \$2,000,000 and \$4,000,000. Although nearly 300 persons were imperiled by the flames, which raged for several hours, only one man, a member of the crew of one of the steamers, was unaccounted for tonight. Several persons were injured, however, and there were many sensational rescues.

There were reports throughout the day that the fire was started by an incendiary, but they probably were based on the fact that the immense quantity of merchandise on board the vessels and on the pier was destined for European governments now engaged in war. A rigid investigation conducted by officials of the fire department has convinced them that defective electric wiring was responsible for the flames.

Coast Telegraph Line to Be Started.

EUGENE, Or., Feb. 16.—(Special.)—Construction work on the Western Union telegraph line from Gardiner down the coast to Marshfield, paralleling the Willamette Pacific Railroad, will begin within the next few days, according to J. W. Bul, foreman of the

MINING ACTIVITY LOOMS

Re-Opening of Cinnabar Property Near Cottage Grove Expected.

COTTAGE GROVE, Or., Feb. 16.—(Special.)—Developments of the past week promise mining activity that will greatly benefit this city. Reopening of the Cinnabar mines at London, which have been inactive for a number of years, is likely, as a result of the advanced price of quicksilver, caused by the war. W. B. Dennis, who formerly managed the property, has made his first visit since the property was closed

INCENDIARY NOT BLAMED

construction crew which completed the line between Eugene and the coast. The line to Marshfield will be completed by the time train service on the railroad is inaugurated, he says.

Another strike, said to be the richest ever made in the district, is reported from the West Coast properties in the Bohemia district.

20 Join Coast Artillery Corps.

EUGENE, Or., Feb. 16.—(Special.)—Twenty new members have been added to the second company of the Coast Artillery Corps, Oregon National Guard, as a result of a recent recruiting campaign. A banquet was given in

honor of the new members at the armory Monday night.

MONMOUTH CREAMERY MAY OPERATE.

MONMOUTH, Or., Feb. 16.—(Special.)—It seems highly probable the Monmouth creamery will be re-organized and operated as a co-operative concern. A meeting of the stockholders has been called to consider the change.

The co-operative people held a meeting yesterday and reported progress in procuring pledges, but will do nothing toward forming a new company until the stockholders of the old organization have reached a decision.

MARLEY 2 1/4 IN. DEVON 2 1/4 IN. ARROW COLLARS of the smart cut away type 2 for 25c. CLETT, PEABODY & CO., INC.

Analyze the Advantages THE desirability of banking with the Northwestern National Bank is directly in proportion to its location, facilities and service. The location is conveniently accessible from any home in Portland and within a stone's throw of the majority of business houses. Facilities incorporate every department of banking under one roof, as well as the most modern equipment. Service—based upon the personnel of Directorate, Management and Staff—insures careful handling of funds and accommodations to patrons. NORTHWESTERN NATIONAL BANK Northwest Bank Building Sixth and Morrison.