

ULTIMATUM TO PAY SERVED ON BERLIN

Allies to Advance Unless Obligations Are Met.

REPLY BY MAY 12 ASKED

Preparations Going Forward for Occupation of Ruhr Valley.

Bond Issues Provided.

(Continued From First Page.)

enemy or former enemy powers in respect to which the commission may decide credits should be given to Germany, plus the amount of the Belgian debt to the allies, the amounts of these reductions to be determined later by the commission.

Bond Issues Provided.

The protocol then provides for the issue of bonds as has previously been outlined and which shall be secured "on the whole assets of the German empire and the German states."

The first series of bonds, for the amount of 12,000,000,000 gold marks, the protocol says, shall be created and delivered by July 1, 1921, but the interest of 5 per cent plus 1 per cent for a sinking fund shall be payable half yearly from May 1.

The second series, for 25,000,000,000 gold marks, shall be issued on November 1. The third series, for 25,000,000,000 gold marks, shall, not later than November 1, be delivered to the reparations commission without coupons attached, and will be issued by the commission as and when it is justified the payments which Germany undertakes to make in pursuance of this agreement are sufficient to provide for the payment of interest and the sinking fund on such bonds. The sinking fund shall be used for the redemption of the bonds by annual drawings at par.

Big Sum Required Yearly.

The bonds will be German government bearer bonds in such form and such denomination as the reparations commission shall prescribe for the purpose of making them marketable and shall be free from German taxes and charges of every description, present and future.

Until redemption of the bonds Germany will be required to pay yearly 2,000,000,000 gold marks and 25 per cent of the value of her exports as from May 1, or alternatively, an equivalent amount as fixed in accordance with any other index proposed by Germany and accepted by the reparations commission.

"It is provided," the protocol continues, "that when Germany shall have discharged all her obligations under this schedule other than her liability with respect to outstanding bonds, the amount payable each year under this paragraph shall be reduced to the amount required in that year to meet the interest and sinking fund on the bonds outstanding."

Billion Marks Required.

Germany is required to pay within 25 days 1,000,000,000 marks in gold, approved foreign bills or drafts at three months on the German treasury, endorsed by approved German banks in London, Paris, New York or other place designated by the reparations commission.

These payments will be treated as the first two quarterly installments of the amounts due on Germany's liability to pay 2,000,000,000 marks yearly and 25 per cent of the amount of her exports.

Within 25 days the reparations commission shall establish a special sub-committee to be called the committee on guarantees, to consist of representatives of the allied powers, including a representative of the United States in the event of that government desiring to make an appointment. This commission shall comprise more than three representatives from the nationals of other powers when it shall appear that a sufficient portion of the bonds are held by nationals of such powers as to justify their representation.

Levy on Exports to Be Credited.

This committee will supervise the application to the bonds service of the funds assigned as security for payment, such as German maritime and land customs duties, and in part for all import and export duties, the levy of 24 per cent on the German exports and the proceeds of such direct and indirect taxes or any other funds, as may be proposed by the German government and accepted by the committee in substitution therefor. The 24 per cent levy on exports, less 1 per cent for sinking funds, it is provided, shall be paid by the German government to the exporter.

The committee is not authorized to interfere with the German administration.

Germany, it is stipulated, shall submit to the prior approval of the commission, provide such material and labor as any allied power may require toward restoration of the devastated areas of that power, or to enable any allied power to proceed with the restoration and development of its industrial and economic life, and that such material and labor shall be determined by German and allied valuations.

Receipts from the 50 per cent levy on German exports will be credited to Germany under the present arrangement.

Any surplus receipts from the interest and sinking fund payments and the export tax shall be applied, as the commission thinks fit, to paying the interest and sinking fund on the bonds from May 1, 1921, to May 1, 1926, on the balance of the debt not covered by the bonds then issued. No interest on this balance shall be payable otherwise.

SECRET PLANS NEW CABINET

President Searches for Man to Undertake Organization.

BERLIN, May 5.—(By the Associated Press.)—President Ebert was in conference today with the parties comprising the coalition bloc in the Reichstag in an effort to find a man willing to organize a new cabinet.

There was talk today of assigning the foreign ministry in the new cabinet to either Dr. Wilhelm Mayer, ambassador to France, or Dr. St. Hamer, ambassador to Great Britain. The cabinet of Chancellor Fehrenbach was continuing to function today in compliance with the president's request.

The official communique announcing the formal retirement of the cabinet reached the editorial rooms of the Berlin newspapers unexpectedly late last night. It briefly stated the retirement was "the logical result of the situation created by the receipt of the reply from Washington."

The retiring government, commentators in the press generally agree, had outlived its usefulness, in view of the situation at home and abroad, but it is reproached for not having either retired sooner or remained in office until the London decisions were at hand. The press generally de-

mands that the new cabinet be formed at the earliest possible moment.

"On the eve of the centenary of Napoleon's birth a German cabinet lies down and dies because it found itself confronted with the overwhelming pressure of an all-powerful France," says Vorwaerts, the majority socialist organ, which severely reproaches the retiring ministers for leaving their posts at such a critical period.

BRAND'S AIR IS PEACEFUL

Reparations Pact Just Settlement, Says Premier.

PARIS, May 5.—(By the Associated Press.)—Premier Briand on his journey from London gave the impression of a man at peace, after five days of intense work. He returns prepared to defend the reparations agreement as a just settlement. Although he does not say he believes Germany will accept the terms, he hopes she will do so.

"I have no desire to see France spend 100,000,000 francs monthly on the occupation of the Ruhr," he said. "But nothing can prevent that now except a German 'yes,' without any 'ifs,' 'provided that's,' 'but's' or 'whereas's'."

The premier is convinced that in taking a percentage of the values of exports a true solution has been found. He explained that no tax was placed on exports as such. The German government would be required to take the total value of the exports and pay the equivalent of 25 per cent into the reparations fund, but the percentage could be paid out of any kind of taxation Germany should elect.

M. Briand believed that the financial world would accept the bonding scheme as he was particularly interested in American opinion. He considered that the bonds could be used in paying international trade balances; Americans owing money to any European country could pay in the bonds, which would have a gold standard and would be bearing interest at 5 per cent, with 1 per cent amortization.

Acceptance and free use of the bonds, he pointed out, would have a healthy influence on exchange and tend to restore economic solidity among the commercial nations.

PREMIER DEFENDS POSITION

Lloyd George Answers Accusations of Undue Yielding to France.

LONDON, May 5.—(By the Associated Press.)—The speech of Premier Lloyd George on the hour of common tonight on reparations, apart from a recital of the findings of the supreme council and an explanation of the terms imposed on Germany, was in the main a defense of his position against accusations from liberals and laborites of undue yielding to France, and an apology and justification for the French attitude.

He was followed by Lord Robert Cecil, who appealed to the French cabinet to refrain from policy and model their language to avoid any cooling of the sentiments between France and England.

The chairman of the parliamentary labor party, and former Premier Asquith spoke favorably of the moderation of Mr. Lloyd George's pronouncement. Mr. Asquith said he thought a most reasonable and practical issue from the difficulty had been found.

There were some intimations also that a condition precedent to unreserved participation by the United States in deliberations abroad would be the acceptance by the allies of the principles laid down by Secretary Hughes in respect to mandates. Italy has expressed approval of the American position and France has given assurance that she would lose no time in bringing the status of Yap before the supreme council.

AMERICA INVITED TO JOIN

Representation on Supreme Council Offered by Allies.

WASHINGTON, May 5.—President Harding had before him tonight the invitation to the United States from the allied governments to be represented on the supreme council, the reparations commission and the council of ambassadors. He was expected to bring the question before the cabinet tomorrow.

The invitation came from London last night was presented at the state department today. American and British ambassadors, and later Secretary Hughes was in conference for half an hour with the president.

No indication was given of the attitude of the American government toward the invitation, although in some circles the belief was expressed that the United States might feel justified in participating to some extent in reparations settlements because of its interest in economic adjustments growing out of the war.

OIL MONOPOLY DENIED

Spokesmen Insist Holland Maintains Open Door Policy.

WASHINGTON, D. C., May 5.—Decision to work the Djambi oil fields of Sumatra through a company in which the Dutch East Indian government and the Batavia company will operate together does not mean the granting of a monopoly in all the East Indian oil fields either to the Batavia or "the purely Dutch" corporation which controls this latter company, the Royal Dutch, it was said today in authoritative Netherlands circles.

"As a matter of fact," it was added, "regulations there do not prejudice in favor of companies of Dutch ownership as against companies which derive their capital from the United States."

In commenting on the action of the Dutch government in granting a monopoly in Sumatra, notwithstanding the bid of the Standard Oil company for a concession, spokesmen said Holland has maintained an open door policy in the matter of exploitation of oil and other mineral products.

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DOCTOR ON STAND IN STILLMAN CASE

Wife Said to Have Admitted Illegitimacy of Child.

GUIDE'S LETTER EVIDENCE

Attorneys for Defendant Object to Chiropractor's Testimony as Violation of Ethics.

NEW YORK, May 5.—Dr. Hugh Russell, a chiropractor of Buffalo, N. Y., testifying today at the hearing of the divorce suit brought by James A. Stillman, declared Mrs. Anne U. Stillman, while under his treatment in April, 1918, told him her husband was not the father of an expected child. The child, Guy, who was named with his mother and Fred Beauvais, an Indian guide, in the divorce suit, was born the following November.

While the testimony was given behind closed doors, the defendant's attorneys admitted it had been offered and conditionally accepted by the referee over their objections.

Buffalo Trip Described.

Dr. Russell said Mrs. Anne Stillman had accompanied her mother to Buffalo, and that while there he and Mrs. Stillman arrived. Defendant's counsel quoted Dr. Russell as saying that the three took tea at Dr. Russell's home and later went on an automobile ride with him to Niagara Falls.

Strenuous objections to the doctor's testimony were made by the defendant's counsel, who declared that it was not only confidential and privileged, therefore inadmissible, but also a violation of professional ethics. Mrs. Stillman was present. Mr. Stillman was not present.

Cross-examination of Dr. Russell will be started at the next hearing, tentatively set for May 18. Before Dr. Russell went on the stand today Charles E. Keller testified that Mrs. Stillman and her daughter were guests for several days in April, 1918, at the hotel where he was employed as clerk.

Letter Is Admitted.

A letter said to have been written by Beauvais to Mrs. Stillman and to have contained terms of endorsement was admitted as evidence over the objections of the defense. The handwriting had been identified by Bernard Kelly. Several other letters were offered, but not admitted for the present.

PLEDGE GIVEN TO MAIMED

HARDING ASSURES OPPORTUNITY TO WAR VETERANS.

President Visits Hospital for Entertainment by Alabama Society for Wounded.

WASHINGTON, D. C., May 5.—President Harding gave his word today to the disabled soldiers at Walter Reed hospital that the nation would not fail in making them fit to embrace "the opportunity which is yours" as citizens.

Accompanied by Mrs. Harding and Senator Underwood, the president visited the hospital on the occasion of an entertainment for wounded soldiers arranged by the Alabama society.

In expressing the wish that the maimed might be restored by the wave of some magic wand, the president declared that the next best thing was for the republic to prove its gratitude by restoring the soldiers to a condition in which they might live happily as possible.

"I know this thought is in the heart of congress," he continued, "and I can assure you that it is in the heart of the executive, and more, I know it is in the hearts of the people."

As one familiar through his father, a veteran of the civil war, with the trials through which the south passed and the division in the Union which it created, the president stated it as

his belief that in the half century which has elapsed "the great scar has healed."

"You soldiers from Alabama and Ohio and the other 35 states have succeeded in wiping it out," he exclaimed.

That there was no more sectionalism in America now, he said, was due to the fact that the people of Alabama wanted the same things as the people of Ohio, and he advised that as chief executive he was resolved to regard America as a whole.

After this address the president and Mrs. Harding shook hands with several hundred soldiers. While preparations were being made with several delays for a flashlight photograph of the group the president said smilingly, "I was expecting a charge."

And I was expecting a discharge," a private nearby replied.

NAVY BILL FIGHT LOOMS

DEMOCRATS OPPOSE INCREASE IN APPROPRIATION.

Representative Stevenson Declares Republicans Will Back Leaders on \$100,000,000 Lift.

WASHINGTON, D. C., May 5.—Disagreement on the naval appropriations bill between the senate and the house was indicated today when Representative Stevenson, democrat, South Carolina, speaking in the house, urged members to show "backbone" and refuse to agree to increases proposed by the senate. Republican leaders in the senate, he said, plan to support the action of their naval committee in adding \$100,000,000 to the bill, which, as approved by the house, carried approximately \$236,000,000.

Stressing the necessity for economy he said that the tendency of congress is to blame department heads for running riot with expenditures, while saying too little attention to curbing extravagance itself.

The bill carrying \$346,500,000 was presented in the senate today by Senator Poindexter, republican, Washington. Senator King, democrat, Utah, reserved the right to file a minority report.

JAFET LINDBERG FIGHTS

Capitalist Determined Not to Face Tacoma Indictment.

TACOMA, Wash., May 5.—(Special.)—Jafet Lindberg, San Francisco and Alaska mine owner and capitalist, is fighting to prevent his removal to Tacoma to answer the indictment charging him with borrowing excessive amounts from the Scandinavian-American bank of Tacoma, now defunct. District Attorney Brady of San Francisco telegraphed prosecuting Attorney Selden today asking for more information on the Washington statute under which Lindberg was indicted.

Mr. Brady wished to know whether the Washington supreme court had ever ruled on particular points involved in Lindberg's case.

Lindberg borrowed hundreds of thousands of dollars from the bank and still is in debt to it for more than a half-million dollars.

SCHOOL SPEAKERS PICKED

Two Portland Residents Chosen for Whitman Contest.

WHITMAN COLLEGE, Walla Walla, Wash., May 5.—(Special.)—Announcement of the names of the four students who will compete in the annual William Thomas Dovel oratorical contest in June was made today by the head of the English department, W. R. Davis.

Mowbray Tate of Portland, Or., will speak on "American Sailors for American Ships"; Dewitt Holbrook, Umpqua, "Our Naval Problem"; Werner Baumeister, Walla Walla, "Japan," and Winifred Bell, Grandview, "The Stranger in Our Gates."

The four were chosen from 15 entrants. The winner will receive a prize of \$50. The second prize will be \$25.

Madrid Crowds Kept Moving.

MADRID, May 5.—(By the Associated Press.)—Citizens have begun protesting against the new regulations issued by Commissioner of Police Priego, who ordered that citizens be cleared of loungers who have been accustomed for centuries to meet in groups there to discuss public and private affairs. Strong squads of police today were instructed to keep the public moving in one direction on each side of the leading thoroughfares, and to disperse groups.

FLAW IN WOOL BILL CITED BY STANFIELD

Measure Decidedly Unfair to Grower, Says Senator.

SHRINKAGE BASIS SCORED

Benefit to Manufacturer on Imported Goods at Expense of Producer Seen in Tariff.

THE OREGONIAN NEWS BUREAU.

Washington, D. C., May 5.—Unless western wool-growers begin to make themselves heard they are likely to receive the short end of the bargain in the general tariff bill now being framed, according to Senator Robert N. Stanfield of Oregon. Senator Stanfield said:

"I am informed the sub-committee of the house ways and means committee has decided on a wool schedule for the general tariff bill practically the same as schedule K of the Payne-Aldrich bill, carrying a duty of 11 cents a pound on wool in the grease. The recommendation probably follows the language of the emergency tariff bill in attempting to eliminate the shrinkage clause. The emergency tariff bill says:

"On wool and hair which is assorted or increased in value by the selection of any part of the original fleece the duty shall be twice the duty to which it would otherwise be subject."

Shrinkage Reduction Encouraged. "While this prohibits the sorting of fleeces for the purpose of eliminating the heavy shrinking portions to the extent of doubling the duty it does not prevent the dusting of wool to remove all dirt or foreign material from the wool by a dusting process or any other process than that of washing or scouring, therefore it leaves the way open for importers materially to reduce the natural shrinkage of wool imported. This could be prevented by prohibiting the removal of any fleece content, such as dirt or grease, as well as the removal of a portion of the fleece.

"The manufacturer will receive a compensatory duty of three times the duty given the grower to equalize the difference of the cost of wool as to American manufacture and to foreign manufacture. This adjustment is based on the presumption that the wool imported will have an average shrinkage of 65-2-3 and the 11-cent duty on wool in the grease is compensated to the manufacturer by 33 cents per pound duty on clean wool. It is obvious that a manufacturer can by importing light shrinkage wool, reduce the duty which he actually pays on the grease basis at 11 cents a pound, far below the 33 cents per pound compensation received. For instance, wool shrinking 40 per cent would yield 60 per cent clean wool or 100 pounds of grease wool carrying 11 cents per pound duty or \$11 per hundredweight would yield 60 pounds clean wool paying a duty of one-sixteenth of \$11, or 181-2 cents per pound. Yet the manufacturer receives compensation of 33 cents per pound, or 14-2-3 cents that he is not entitled to receive under the guise of compensation for duty paid to protect the wool producer.

Actual Content Basis Favored. "Quite naturally all importers will seek light shrinkage wools and the protection to growers will be reduced below the 11 cents per grease pound in the ratio that shrinkage of wool imported bears to 65-2-3 per cent. The only way to avert this opportunity for defeating the intended protection to the growers is by making the duty on the secured basis for actual content. Some objection is voiced to this because of the difficulty in ascertaining the shrinkage, but all growers will recall that the government found it practical to appraise their wool on a secured basis when taken over by the government during the war. They likewise know that all wool is bought on the estimated wool content and it is practical now to provide competent appraisers and collect duty on the wool content instead of the impractical method of assuming that the wool imported will be of an average shrinkage of 65-2-3 per cent."

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