

RATHENAU TO HEAD GERMAN DELEGATES

Reparations Session With Allies to Be at Cannes.

BIG SUM SOON IS DUE

No Announcement Made in Berlin as to 500,000,000 Gold Marks Wanted Jan. 15.

BERLIN, Jan. 8.—(By the Associated Press.)—Dr. Walter Rathenau, the German financial expert, will head the German delegation which is to proceed to Paris prior to going to Cannes to appear before the supreme council to discuss German reparations. The German delegation will include Herr Schroeder and Herr Hirsch, under-secretaries of state for finance and economy; Karl Bergmann, ex-secretary of state for the treasury, and other financial authorities.

Although the date fixed by the reparations commission for Germany's next payment on her reparations account is only a week distant, no announcement was forthcoming in official quarters on the German side as to the date of the next payment of the 500,000,000 gold marks due January 15.

The cabinet has been in session every day this week but official communications have stated its deliberations concerned "current business" and that no action was taken on reparations.

Foreign Loans Mentioned. Pending the return of Dr. Rathenau, who has been in Paris consulting with reparations officials, no statement it was announced, will be made.

Impression current in bourse and financial circles, however, was that the government is prepared to round out the total of the January installment with reichsbank gold if the allies insist that the payment be met in full. Official denial was made of rumors that the reichsbank already was proceeding to hypothecate its gold to England and neutral countries, although it was reported that the government was preparing to draft a law to be presented to the reichstag for approval, which would permit the reichsbank to float foreign loans under cover of the gold reserve provided the procedure does not conflict with the treaty.

Reserve Gold Increases. The reichsbank report for the year-end shows an increase in its reserve gold of 1,700,000 marks, which accounted for the release of part of the gold sum pledged last autumn as security for a Swiss loan.

In addition to the 4,643,000,000 marks new paper floated the last week of the year, the reichsbank current report showed the issuance of 15,294,000,000 in new discounted treasury bills in the same period, the bulk of which were required to meet reparations payments and purchases of coal and other commodities for delivery to the allies and to cover purchases of grain abroad and heavy increases in the civil payroll.

German paper circulation was increased by 41,126,000,000 marks last year.

ACTION SURPRISES BERLIN

Arno Dosch-Fleuret Says Respite Was Not Expected.

BY ARNO DOSCH-FLEURET.

(Copyright by the New York World, Published by Arrangement.)

BERLIN, Jan. 8.—(Special by Wire.)—The supreme council decision to give Germany a reparations respite came as a surprise here, following, as it did, so quickly on the heels of George's speech. The Germans had acquired the habit of thinking that which would block any solution of their problem and the respite had been announced by the news that France had agreed.

"It is a great step forward over last summer," said a German official, "a few weeks ago, no French premier would have dared accept a moratorium in principle."

For that, the paper added, Germany may think the fulfillment of Chancellor Wirth's policy. Even the people's party organ, Die Zeit, said it believed revision of the Versailles treaty was made possible. It looked at the reparations question as a secondary matter for the Cannes conference, however, saying:

"As the Washington disarmament conference was not intended so much for disarmament as for clearing the atmosphere between England and America, the principal question at Cannes is less German than Russian."

It has been admitted that generally a reparations respite is coming. This confidence in itself will boost the mark and make it easier for the government to buy the necessary foreign securities to pay off what it must.

The healthiest sign at present is that many are now beginning to realize the necessity for checking Germany's present race toward bankruptcy. For some time, the Frankfurter Zeitung has stood alone in proclaiming the urgency of this, but the idea is spreading.

George Bernard Shaw, in the Vossische Zeitung, has called for "a definite financial cleanup, at least the plan for such a cleanup." He explained that the German respite will not help Germany unless the nets immediately to work on the internal situation.

Bernhard's argument was the same as that already pointed out many times. The flood of paper marks reached 130,000,000,000 paper marks at the end of the year, while only a month earlier it had been 100,000,000,000.

"Cannes will give us a fresh start," said Bernhard, urging the new order and balance its books in the spirit of the reparations respite.

JAPAN'S VICTORIES MANY

(Continued From First Page.)

Three battle cruisers while the United States agreed to construct none. The Japanese came to Washington feeling that in the diplomatic negotiations preceding the conference they had been maneuvered into a defensive position. They felt that the conference really was aimed at them. They could not understand why the far eastern question had been "dragged" into it. They felt that this meant that every man's hand was to be turned against them. They felt that here again they would have to fight for their national life and national pride. They felt in short that they were to be made the "black beast" of the conference.

Instead, the Japanese found a great spirit of consultation toward them. They found that the United States, in particular, was desirous of allaying any fears the Japanese might have as to the attitude of this country. They found that the United States was not nearly as militantly inclined on

Chinese questions as they had imagined.

Another Result Pleasing.

And, most happy perhaps of all, the Japanese found that at a crucial stage of the conference proceedings, when the issues were getting somewhat complicated and the Chinese were acting decidedly aggressive, the French stepped forward and took the role of "honest broker" so successfully and completely that all conference criticism was directed against France and away from Japan.

Japan found the atmosphere at Washington so cordial that they took the courage to announce that they would not permit their famous 21 demands on China to come before the international conference. They would deal with China alone as to these demands, for they had always found means of "persuasion" that were effective with China.

Siberia Question Opposed.

Japan further announced that she would not permit the Shantung question to come before the conference, for already she was in negotiation with China over the territory she had promised Paris to return to China.

Thus far Japan has fought with complete success any plan to bring Siberia before the conference. Likewise, Japan knows the conference, for already she was in negotiation with China over the territory she had promised Paris to return to China.

While the Shantung question is not before the conference, the American delegation still is hopeful that some sort of satisfactory agreement may be reached and announced by Japan and China before the Washington conference still is hoped for.

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CHINA TO FIGHT TO END

DIRECT NEGOTIATIONS ON SHANTUNG OPPOSED.

Unofficial Observers at Arms Conference Issue Statement; Deadlock Held Deliberate.

WASHINGTON, D. C., Jan. 8.—(By the Associated Press.)—The Chinese people will resist by every means at their disposal any attempt by the Japanese to open direct negotiations with Peking over Shantung, representatives in Chinese national and provincial organizations who are here as unofficial observers at the conference, declared in a statement today.

The present deadlock, the statement added, was "deliberately created by Japan for causing delay and carrying on intrigues in Peking."

There was no change today in the deadlock between the Japanese and Chinese negotiators over the Shantung question.

While they saw no outlook for an immediate agreement, members of the Japanese delegation were still optimistic. The point now at issue, they held, was so small that it was inconceivable that it would be permitted to permanently block agreement.

Telegraph Manager Transferred. ROSEBURG, Or., Jan. 8.—(Special.)—The telegraph manager at Roseburg was transferred today to Medford.

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ARMING MERCHANT VESSELS IS STUDIED

Problem Held One of Most Difficult Faced.

NAVAL TREATY DRAFTED

Full Committee Probably Will Begin Discussion of Pact Today or Tomorrow.

WASHINGTON, D. C., Jan. 8.—(By the Associated Press.)—As the arms conference prepared to begin discussion of the final draft of the five-power naval treaty, some delegates today were studying the question of arming merchant vessels as it may relate to the agreement.

In no quarter was there apparent a disposition to raise an issue which might endanger the treaty at this point in the negotiations, but among the foreign delegations it was predicted privately that the armed ship problem will be one of the most difficult of the collateral questions to arise when the final draft is gone over.

Italy, the Japanese and French were said to feel that the measure to be taken to permit to arm, the effect might be not only to vitiate the project to limit private auxiliary warships to 10,000 tons each, but it might also result in a great disadvantage to the nations which have small merchant fleets.

Americans, British Silent. Beyond saying that the status of a merchant ship is to be the status well understood in international law, the American and British delegates were not willing to discuss the subject.

It was the view in some quarters, however, that the British might bring the point up for discussion.

ALBANY LEGION BUSY Membership Campaign and New Clubhouse Are Planned.

ALBANY, Or., Jan. 8.—(Special.)—Various activities will be carried out during the next few months by the Albany legion of the American Legion, as the result of plans made at a meeting of the executive committee of the post last night here Monday night.

A big meeting here Monday night, January 16, will open a membership campaign. The posts from Lebanon and Medford will be invited. The post is considering establishing club rooms here and a committee, consisting of Delmar Glidow and Raymond Tomlinson, was named to develop the plans.

SALEM AFTER GAMBLERS Operators of Punchboards to Be Arrested by Police.

SALEM, Or., Jan. 8.—(Special.)—Punchboards in poolrooms and other public places were banned by Verden Moffitt, chief of police, in an order issued here last night.

Chief Moffitt said he had received numerous complaints recently about punchboards and other gambling devices. The police will be instructed to seize punchboards found on their beats and arrest the operators on charges of gambling.

Change in Passenger Schedules The North Bank Road.

On and after Sunday, January 8, changes in time will be made by the S. P. & R. Ry. on the line east of Portland as shown below.

Local No. 6, for Lytle, will leave Portland 7:30 A. M. instead of 7:35, with corresponding change at all points.

Local No. 8, for Fallbridge, will leave Portland 4:45 P. M. instead of 5:30, with corresponding change at all points.

Local No. 4, leaving Portland 9:15 A. M., will stop on signal at Camas.

Salem Boy Scouts Elect. SALEM, Or., Jan. 8.—(Special.)—M. L. Meyers last night was elected president of the local Boy Scouts council of America. Other officers are: George R. Arbuckle, O. Snelling and William Gahldorf, vice-presidents; D. W. Byre, treasurer; Walter A. Denison, scout commissioner; P. E. Fullerton, director of camping; Frederick P. Schmidt, director of finance; P. M. Gregory, director of civics; Dr. E. E. Fisher, council physician, and Howard Zenger, executive secretary.

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CANNES BEGINNING BAD, TARDIEU AVERS

Fear Felt Regarding Outcome of Conference.

TROPHIES GIVEN CLUB

Shedd Stock Judges Get Medals for Exposition Work.

ALBANY, Or., Jan. 8.—(Special.)—The stock judging team of the Shedd Shorthorn Club yesterday received the team trophy and individual gold medals won at the Pacific International Exposition in Portland last fall. Awards were made at the annual meeting of the Linn County Farm Bureau held here.

The trophies were presented by O. M. Plummer of Portland, manager of the exposition. With the medals Mr. Plummer personally gave Clifford Cornutt a cash prize of \$25 for his individual judging record at the exposition. The trophy was presented by A. C. Durham of Spokane.

SAWMILL IS TO RESUME Island Lumber Company President Makes Announcement.

ST. HELENS, Or., Jan. 8.—(Special.)—The sawmill of the Island Lumber Company will resume operations some time in February, according to a statement of E. F. McCormick, president of the company. He said the date had not been definitely decided, but depended upon weather conditions and the lumber market. However, a small force of mechanics was put to work on the mill so it would be in readiness.

The mill is located at the north end of Sauvie island, just across the Willamette slough, and is a modern plant with a daily capacity of 80,000 feet. The mill will employ 60 men.

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Fear Felt Regarding Outcome of Conference.

U. S. CRITICISM DEPLORED

Premier Held to Have Blundered in Making Reparations Concessions to Germany.

BY ANDRE TARDIEU, Former French High Commissioner to America. (Copyright, 1932, by The Oregonian.)

PARIS, Jan. 8.—(Special cable.)—It is impossible to say how the allied conference at Cannes will end, but in any event it has had a bad beginning. The London proposal to deprive Belgium of her priority in payments by the Germans was ill advised. Our alternative is to renounce our 1922 payments as arranged at London or violate the rights of Belgium and compromise Franco-Belgian friendship.

French opinion regards the Cannes conference with much distrust. It regrets to note that once more the reparations commission, which was to handle all matters of German finance and the allocation of reparations, is using prestige, the members not hesitating to say they have been shorn of all authority.

The commission two months ago went to Berlin and there declared that Germany could meet the payments due in January and February and the German ministers began preparing to do so. At that moment, however, Hugo Stinnes and Walter Rathenau, coincidentally with Louis Loucheur of the French government, went to London, thereby prompting German hope of escape from the decision of the repar