

OUTCOME OF PRESENT PEACE MOVE IN HANDS OF GERMANY, BELIEF

Washington Officials Take This View, Though Discussion Is Refused.

PEACE PROSPECT DIMMER

Gigantic Step by Germany Deemed Possible Because of Fear of Break With U. S. and of Own People.

By Robert J. Bender.

Washington, Jan. 1.—(U. P.)—The life of the present peace movement rests wholly in the hands of Germany.

This is known positively to be the belief today of Washington officials from President Wilson down.

Furthermore, while administration officials believe the entire allies have left a loophole for Germany to produce the sincerity of her original peace proposals, they believe peace negotiations today are farther off than they appeared to be at the start of the present movement.

Although the administration continued today its policy of absolute refusal to discuss the international situation in any way, it is positively known this government feels that Germany must more frankly declare herself in regard to "plans and specifications" if she is to keep alive any peace negotiation sentiment among the men at the head of the allied cause.

Germany may make this gigantic step in her next move—insisting, however, that her terms be held in confidence—is deemed possible by many officials for the following reasons:

Conviction that if peace does not come, Germany and the United States will be drawn to the verge of an inevitable break in relations, owing to U-boat activities.

Fear that the German people, already restive, will demand greater representation in the government and either a vigorous pursuit of the war or a more determined effort for peace.

No secret is made in this country of the danger point reached in relations between the United States and Germany as the result of Germany's resumption of submarine warfare on a large scale.

It is now accepted everywhere that Germany must realize this admitted danger, in view of the "back-handed warning" to the central powers contained in the following reasons:

Emphasis in the two Lansing interpretations.

Hope Not Yet Given Up.

Whether it will influence Germany in her next step remains to be seen. There are some in Washington who do not hesitate to say that if present peace negotiations come to naught the president will soon go to congress and announce severance of diplomatic relations between the United States and Germany, at the first conclusive sign of an overstepping of the submarine pledges.

So long, however, as there appears to be the slightest chance of keeping the peace negotiations actually alive, the president will not withdraw his influence. Besides hoping for "something definite" in the near future, the allies, he and other officials have not given up hope that the allied reply to his own suggestions may furnish Germany with motives of a chance to find a common ground for peace negotiations than did the entente reply to Germany.

Spain's Stand Interest.

There was lively interest today regarding that portion of the Spanish note saying that government declined to lend moral support to President Wilson's suggestion. The obvious theory drawn was that the United States had accompanied copies of the note sent to neutrals with a supplementary clause asking neutral governments to give such support.

Even on this point officials refused to comment. However, it is known that United States officials representatives at neutral capitals would have been acting within their jurisdiction if they suggested informally, but officials, that neutral nations might better further their interests if they unambiguously lent support to the president's declarations.

Early today the entente reply had not been forwarded to Germany. Secretary Lansing announced he would see no one today, but that if the note was dispatched he would immediately notify newspapers of the fact by telephone.

Hint Conveyed to Neutrals.

A hint to all neutral countries that the time is opportune to act toward bringing about peace was conveyed to neutral capitals by United States diplomatic representatives abroad at the suggestion of this government, it became known here today.

Coincidentally with this authoritative information came the unexplained information that this "hint" had been dropped. The "hint" was in the form of a second note, sent as a supplement to the president's communication to all belligerents, but was conveyed in "instructions" sent to American representatives in foreign capitals.

The state department let it be known today that these instructions carried

the impression that if any other nation desired to make a move for peace, the best time to approach to be at hand.

No Cooperation Requested.

The United States, however, did not ask cooperation in the movement. It was officially stated that no government was informed of the president's intended action before he took it. No government was asked to approve it before it was done.

"The United States acted wholly on its own initiative," the government allowed it to be known today.

The official explanation clears up doubts resulting from a "reply" sent by the Spanish government, which gave the impression that this government had asked Spain to cooperate in the peace movement.

Von Buelow in Switzerland.

Geneva, Jan. 1.—(U. P.)—General von Buelow is reported as German commander of forces below Belgium, was said to have arrived in Switzerland accompanied by a retinue of secretaries, according to reports here today.

1916 BEST YEAR IN HISTORY OF UNITED STATES

(Continued From Page One.)

imports in a volume such as was never before seen.

To the spur of foreign war demand, represented by unheard-of quantities of food, munitions and general merchandise sold abroad, was added a new and record-breaking volume of imports, largely of raw materials to feed our industrial machinery while at the same time purely domestic trade grew beyond the most sanguine dreams of our merchants and manufacturers.

As a result of the war, the demand for free production of the termination of war demand, merely acted as a breathing spell before new and still larger demands were again met in the autumn and early winter.

No Let Up in Buying.

"Not enough cars, labor or goods" was a common description of trade and industry throughout the year. Even toward the close of the year, when nearly all lines were booked for nine months ahead, and some iron and steel lines were sold well into 1918, when prices of commodities, after rising to new heights, had broken badly, due largely to peace talk being injected into the situation, with big, but few signs of a let-up in active buying, or indications that the conservatism so long preached was really making a break upon extraordinary purchasing. How much of this late quieting down was due to the usual year-end seasonal dullness it would be hard to say. Some of it, as for instance, the quiet and easing in some cotton goods, was undoubtedly due to a 4-cent break in raw cotton.

All this activity had occurred, too, despite the fact that it was a presidential year, one also of disturbed foreign relations and a period of disappointing crop output, which was made more manifest by large foreign buying of obtainable supplies, and evidence of speculation having taken advantage of natural conditions to push prices of food to record heights. This latter resulted in a popular outburst against high living costs and the usual frenzied efforts of public men, legislators and others to find evidence of monopolistic combinations affecting the prices of the "people's food."

Some Financial Features.

Exports of merchandise totaled \$5,460,000,000 in value, exceeding those for the previous calendar year by 55 per cent, and those for the year 1914 by 157 per cent. Imports aggregated \$2,850,000,000, exceeding 1915 and 1914 by 32 per cent. Gold imports totaled \$380,000,000, surpassing exports by \$50,000,000. The net result was a gold surplus for the year aggregated \$1,100,000,000, and the net imports \$338,000,000, while our sales of merchandise for the period were considerably over double our purchases.

Hence the estimates that we bought back \$2,000,000,000 of American securities, and, in addition, became creditor for an additional \$2,000,000,000 of foreign bonds or notes.

Export Character Changes.

As our export trade has grown since the war began, its character has gradually changed, and the early large shipments of foodstuffs have become dwarfed, partly because of crop shortages, by later enormous exports of manufactured goods—not all of these, by the way, munitions—though it must be said that our shipments to entente countries have far exceeded those to the rest of the world.

Our gains in trade with the part of the world at peace have hardly expanded as much as might have been hoped, though it is hard to see how our factory production, strained as it was to the breaking point, could have been further increased. Credits based on the new and vast supplies of securities and gold have expanded, and the country's banking position has become one of unparalleled deposits and resources. Bank clearings for 1916 testified to the enormous volume of the banking movement in a total of \$260,000,000,000, a sum nearly before equaled, and a gain of 40 per cent over the 1915 high record and of 69 per cent over 1914.

Great Bank Clearing.

If the normal excess of bank transactions over clearings at leading cities, 2% to 1, be regarded as a guide, the country's total banking business in 1916 was easily \$60,000,000,000. Stock speculation was more active than for a decade, total sales at the New York Exchange aggregated \$22,000,000,000, a gain of 30 per cent over 1915. Five times as much was in the "closed" year of 1914, and

Umatilla Was Not Altogether "Dry"

Pendleton, Or., Jan. 1.—It is estimated that not less than \$50,000 went out of Umatilla county during the year just closed for liquor purchased for beverage purposes. The amount seems enormous, it is said that prior to the first of last year there were several saloons in Pendleton, any one of which had annual receipts equal to that amount.

Actual figures on the amount of liquor received during the year and its cash value are not obtainable yet. However, the number of shipments of liquor can be approximated. The county clerk during the year issued 123 affidavits and there are 120 affidavits in each book. Not all of these affidavits have yet been returned because of active custom agents, 175,000 individual shipments of liquor have been received in the county during the year.

A big majority of the affidavits show the receipt of two quarts of whiskey, and the average price paid for two quarts of whiskey is about \$2.50. Beer is second on the list and each shipment of beer represents about \$4.00 to \$6.00. Little wine or brandy was shipped in.

Prices Beach Records.

As pointed out elsewhere, the crop output was not in keeping with other developments, and to this case is added the fact that foreign demands were due the new and dizzy heights reached by some commodities included in Bradstreet's Index Number, which later rose steadily early in the year, faltered in the late spring and summer, and then took a new flight to still higher ground as crop shortages became more acute.

This process, resulting in a reduction of the dollar's buying ability of a year ago as compared with the year opening, was ultimately responsible for a sort of popular revolt against high food prices, petitions for a ruling against food shipments, and widespread national and municipal John Doe hunts for the causes of advancing prices. That some of the price advances were bred of speculation, made possible by cheap and abundant money, seems certain; that some were what may be called psychological or auto-suggestive may be conceded, but the short yields and unexampled demand were the main causes hardly requires proof.

The fact that Bradstreet's Index Number for the entire year 1916 was 20 per cent above 1915, 33 per cent above 1914, 32 per cent above 1910—the last year of food price revolts in the United States—was a striking and a visible statistical exemplification of what have been called the "penalties of prodigious inflation."

War Gives Prosperity.

The war abroad still sets the measure of prosperity at home, and the irregularity of our stock, wheat and cotton markets in the last few weeks shows how sensitive we are to any prospect of a basic change in the present struggle. Too many times the decision of so-called authorities has gone by the board in the past two and a half years to encourage any hard and fast forecasts, but a few general remarks may, however, be hazarded. Present high prices of all products, the scarcity of ships, the severity of the submarine campaign, the decision of the warring allied governments not to place large quantities of short-time notes here, and the ability of the allies to produce much war material at home, would seem to indicate that our exports have about reached their zenith. Then, too, the war, while profitable to many, has brought ruin to this country as a whole, through the medium of famine prices, the fact that we are ourselves paying no inconsiderable part of the financial cost of the struggle.

Prices Depend on Demand.

How much further domestic consumption can go before past, present and prospective high prices will automatically check consumption, is a question, if it does indeed do this, is a debatable question. The crop failures of the past year would in normal times have given trade a heavy setback. It was easy to preach but hard to practice conservatism in the past year of high costs of food, materials and operation, as well as of deficient stocks alike of manufactured goods and of raw materials.

Another and much more doubtful feature is the question of the extent to which European countries which have practiced state socialistic or collectivistic methods in the control not only of industry and trade, but even of public appetites and food supplies, as military measures, may seek to apply these methods to the struggle with us for old or new markets. To paraphrase the poet, it has seemed of late that abroad, at least, where national control and participation in trade and industry are accepted as an everyday matter, as though the individual has withered and the state is more and more.

To what extent American business men, shackled by evidently outworn laws based on theories of unrestricted competition, are prepared to meet this possible European combination of state and private competition, if, as seems probable, it eventuates, is perhaps the most crucial question in the entire situation.

New Economic Forces.

New and strange economic forces are evidently to be met with after the war; but it at least may be said that American business men's eyes are open to the difficulties confronting them, and the country faces the problems of 1917 with costs of operation at a high level. It is true, but with wealth and capital never before possessed, with a population not demoralized or crippled by death or wounds, with a new and rapidly growing merchant marine, with a solidly established shipbuilding industry, and with clearer ideas of what constitutes financial, commercial and military preparedness than it ever had before.

It is very evidently no time for playing partisan politics, so far as governmental interference with the stringing of business, industry and transportation is concerned. Certainly, if we fall in this venture, apparently irrepressible conflict, it will not be for lack of adequate warning.

FIND BODY OF SALEM GIRL IN WILLAMETTE; FOUL PLAY POSSIBLE

Lillian Hrbacek Disappeared December 15; Mays Says He Heard Screams on Bank

Salem, Or., Jan. 1.—The body of Lillian Hrbacek, the 18-year-old girl who mysteriously disappeared from the home of Hal D. Patton, December 15, was recovered yesterday from the Willamette river, near an island, six miles below Salem. The body was found by A. E. Kirby and Walter Suckau, duck hunters, who notified Coroner Clough.

They were also heard by E. F. Ainsworth, night superintendent of the Salem street railway car barns, whose story has caused some suspicion that the girl might have met with foul play. He says he heard cries of distress on the river bank before he heard them from the river.

The girl was formerly in the industrial school for girls, but since her release is said to have lived an exemplary life. Her father, John Hrbacek, lives at Shaniko, and her mother at Rosedale. She left three sisters, Rose and Anna of Salem and Angie of Portland. The funeral will be held here this afternoon.

On the morning the girl disappeared from the Patton home, her cries were heard by the bridge tender, who tried to throw a rope to her as she floated down the stream.

Many Persons Claim Jewels Just Found

Jeweler of Marysville, Cal., Merchant of Oakland and Mining Company Want Property.

Marysville, Cal., Jan. 1.—(I. N. S.)—The finding of the famed jewels in a crevice on the George Anderson ranch near Wheatland, by George Talbot, a trapper, is bringing forth lives of his shanties and her mother at Rosedale. She left three sisters, Rose and Anna of Salem and Angie of Portland. The funeral will be held here this afternoon.

Peter Engel, local jeweler, declares that \$500 or more of the jewelry found by Talbot belongs to him as it was taken from his store in 1912.

F. W. Potter, local merchant, has received a letter from A. T. Young, Oakland, in which Young declares the jewelry was taken from his store in Tehama when the store was blown open 17 years ago.

The Excelsior Water & Mining company of Smartsville, owners of the land where the jewelry was found, has put in a claim for the jewelry because it was found on its property.

GERMANS CALL ALLIED ANSWER VERBOSE BUT FLAT PEACE REFUSAL

Berlin, via Sayville Wireless, Jan. 1.—(U. P.)—"The general impression is that the entente's answer to the German offer is verbose, but nevertheless a flat refusal to end the war," declared the official press bureau today.

The full text of the press bureau's comment was as follows: "The text of the entente note replying to the central powers' peace offer is verbose, but nevertheless a flat refusal to end the war. The general impression is, if this version is correct, that the entente answer to the German offer is verbose, but nevertheless a flat refusal to end the war."

"This answer is especially selected for the sake of neutrals suffering from the war's consequences. It is pointed out as especially remarkable that the entente note mentions the right of nationalities, although one of the avowed purposes of war by the entente is the conquest of Constantinople and the straits."

Quite Correct.

From the Boston Transcript. Friend—I understand that your practice is getting larger. My patient has gained nearly 10 pounds in the past few weeks.

German Diver Takes Rich Russian Cargo

Steamer Suchan Captured While En Route From United States to Archangel, Press Bureau Announces.

Berlin, via Sayville, Jan. 1.—(U. P.)—A cargo said to be worth many millions of dollars was captured by a German submarine recently when it took the steamer Suchan of the Russian volunteer fleet en route from Archangel. The press bureau announces that the submarine made its notable capture in the northern Arctic ocean, east of the North Cape.

The vessel was formerly the Hamburg-American liner Spetz, which was converted at the start of the war while tied up in Vladivostok.

Dressed in Pajamas, Doctor Runs to Case in Alaska

New York, Jan. 1.—(I. N. S.)—In emulation of the volunteer firemen of a generation ago, Frank C. Skinner, a Brooklyn physician, ran through the streets Sunday clad in his pajamas and with the shaving lather smeared over his face. He was on his way to treat a woman and her 14-year-old daughter who were suffering from poisoning. They will recover.

Acquitted Prisoner, Beaten at Checkers, Will Not Quit Cell

Camden, N. J., Jan. 1.—(I. N. S.)—Acquitted of the charge of murder on December 19, Thomas Green has refused to leave the county jail until he succeeds in beating his cellmate a game of checkers.

County Prosecutor Kraft let the checker contest run undisturbed until today with the hope that Green might finally win a game, but the cellmate, who is accused of stealing chickens, still was an undefeated champion.

Tonight Mr. Kraft held a conference with the chicken-stealing checker player and persuaded him to "lay down" and give Green a chance to win. The chess game is to be played next Thursday.

Eagles of Aberdeen Will Burn Mortgage

Aberdeen, Wash., Jan. 1.—The Aberdeen aerie of Eagles is preparing to hold a big celebration here next Friday, when the last payment of the building which cost \$30,000 will have been met and the mortgage will be burned. In connection with the burning of the mortgage there will be a public installation of officers, followed by a banquet and ball. The Aberdeen aerie was organized in January, 1899, with 50 members, and is at present the largest lodge organization on Grays harbor.

Dallas Twins Well

Dallas, Or., Jan. 1.—Since the death of J. A. Haines, at Monmouth, a short time ago, it is believed that the oldest pair of twins on the Pacific coast now reside in Dallas. They are James and Thomas Campbell, pioneers of Oregon. They are 88 years of age, and both are well.

To Cure a Cold in One Day. Take LAXATIVE BROMO QUININE Tablets. Druggists refund money if it fails to cure. E. W. GROVE'S signature is on each box. 25c.

BROADWAY

Wishes its many friends and patrons a Happy and Prosperous New Year.

THE WAGER

With Emily Stevens

LIFE IN ALASKA

Comedy And Big Musical Act

Wishing You a Happy New Year. Majestic THEATRE. Announces the following unusual attractions as a part of its photodramatic programme for 1917:

TODAY GEORGE WALSH in "The Island of Desire"

COMING WILLIAM FARNUM in "The Price of Silence"

COMING THEDA BARA in "The Darling of Paris"

COMING ANITA STEWART in "The Girl Philippa"

COMING JUNE CAPRICE in "A Modern Cinderella"

COMING ALICE JOYCE in "Who Shall Cast the First Stone"

COMING VALESKA SURATT in "The Siren"

Productions to Follow: "Within the Law," "The Barrier," Earl Williams in "The Soul Master," Anita Stewart in "The Gloria of Yolande," E. H. Sothern in "The Man of Mystery," Peggy Hyland in "Her Right to Live," Virginia Pearson in "Bitter Truth," Gladys Coburn in "The Primitive Call."

WE EXTEND NEW YEAR GREETINGS TO ALL CITIZENS OF OREGON AND THANK THOSE WHO ASSISTED US IN EXCEEDING ALL PREVIOUS RECORDS. MADE IN OREGON BY ANY LIFE INSURANCE COMPANY OPERATING IN THIS STATE SINCE THE ORGANIZATION OF Oregon Life Insurance Company. Oregon's Successful Life Insurance Company. BEST FOR OREGONIANS. HOME OFFICE CORBETT BUILDING PORTLAND, ORE. FIFTH & MORRISON.

Imperial Hotel at Dallas Will Open. Dallas, Or., Jan. 1.—The Imperial hotel, which has been closed for several months, will reopen soon under the management of J. W. Singletary of Portland. Mr. Singletary was the first landlord of the old Hotel Gearhart, which burned last summer. Edlefen wishes Happy New Year.

The Columbia management takes pride in announcing that our 1917 programs will more than ever prove the superiority of Columbia service. Pickford—Hart—Fairbanks soon to show in big successes. 3 of Many. A story of a friendship that endured—a wonderful love story—beautifully staged. SCENIC—The Beautiful Island of Kyuschu. "Shooting His Art Out"—A Clever Comedy. Productions to Follow: "Within the Law," "The Barrier," Earl Williams in "The Soul Master," Anita Stewart in "The Gloria of Yolande," E. H. Sothern in "The Man of Mystery," Peggy Hyland in "Her Right to Live," Virginia Pearson in "Bitter Truth," Gladys Coburn in "The Primitive Call."