

WEATHER  
Occasional rain west, rain or snow east portion.

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# The Oregon Statesman

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## LABOR AND CAPITAL TO CO-OPERATE

Government Calls up Representatives of Two Forces to Formulate Plan for Speeding up War Production

## NATIONAL POLICY FOR LABOR TO BE FIXED

Session to Be Held Daily to Bring Difficulties to Final End

WASHINGTON, Feb. 25.—Meeting at the call of the government, representatives of capital and labor began conferences here today to reach an arrangement designed to prevent strikes and to assure a maximum production during the war of materials necessary to maintain the American armies in France.

Each side is represented by five men who will choose two more to represent the general public. The representatives of capital were named by the national industrial conference board and those of labor by the American Federation of Labor.

At the first meeting today the committee organized and heard Secretary Wilson outline the purposes of the conferences. The conferees will meet daily hereafter and probably for several weeks.

### National Policy to Be Fixed.

On the basis of an agreement to be reached, the government will lay down a national labor policy for the duration of the war and will, if necessary to enforce it, seek legislation giving proper authority. Officials generally, however, believe that once capital and labor are brought into an arrangement, its provisions will be kept without the necessity of using legal powers.

No sort of an agreement, even if it were backed by legal authority, can prevent entirely labor unrest and some strikes in the opinion of Secretary Wilson.

He said today, would continue whatever might be the attitude of labor leaders.

A method even better than legislation, Secretary Wilson said, would be to write the terms of the agreement when made into all contracts let by the government, making it binding on both sides.

Secretary Wilson believes that no differences now existing between employees and employers are so wide that the conferences cannot settle them. On the subject of limiting production, American unions, generally, are against limitation of output and the practice exists only locally.

The low rate of production in shipyards, the secret, he said, is not the great amount of labor dilution. As soon as the newer men become more skilled, he said, the rate will increase.

### Union Difficulties Confuse.

One problem expressed to be hard to solve is that of the open or closed shop. Although both sides have agreed in a general way that the existing status shall not be changed, that shops are to remain closed and open shops to continue open, there are many practical difficulties in the way. For instance, a plant not engaged in war work may be called on for a large number of workmen to fill vacancies in plants producing munitions. If the plant has the closed shop it may be hard to fill the places of the men taken without taking on the war work men or perhaps, as the war continues, even women.

Some officials believe it may be necessary to establish standard wages in districts to prevent the various industries engaged in war work from bidding against each other for men. Employers not engaged on government contracts, however, are not to be controlled in this respect by the government's control over raw materials and transportation.

Public Right Is Due.

The conferees represent some 70,000 manufacturing plants working on government contracts and more than 2,000,000 union workers. Non-union labor has no representation, and neither have the railroad brotherhoods. Any agreement reached will apply to unorganized labor, but not to the railroad employees, whose claims are to be dealt with separately.

The most important thing the conferees can accomplish, Secretary Wilson said today, is to change the attitude of both capital and labor towards the rights of the public.

"Capital," he said, "feels that it has the right to hire and discharge men as it pleases and labor has felt that it has an equal right to cease work with or without cause. Both in the exercise of these rights have disturbed society because society is dependent on production.

## GOVERNMENT IS FAVORABLE TO SALE OF BONDS

Bids on \$500,000 Issue to Be Opened by Commission March 15

## CESSATION IS AVOIDED

Completion of Road Building Program for Year Is Assured

Sufficient funds to complete the 1918 road building program of the Oregon state highway commission were assured yesterday when federal officials informed the commission that the government would sanction an issue of \$5,000,000 worth of road bonds. The commission was ready to sell the bonds two weeks ago but the government requested that no bonds be sold without its consent, and the government request was strengthened when the bond companies ordered their agents to withhold bids unless government consent were obtained.

Program Will Go Through.

While the commission, without an issue of bonds would lack about \$600,000 of a sufficient amount to complete the program and would doubtless find it necessary to quit many of the projects for the year, the \$500,000 issue, together with automobile license money, will be enough to put the program through.

A request of the commission for permission to sell bonds was telegraphed to the capital issues advisory committee at Washington which passes on all bond issues above \$100,000, and the reply was that consent would be given as soon as the committee is furnished with certain data relative to the proposed issue. Acting upon this assurance, Ed. Ross, secretary of the commission, yesterday drew up an advertisement for bids which will be received up to 11 o'clock, March 15, at the office of Chairman S. Benson, in the Yeon building, Portland.

The bonds will be for 4 per cent, dated April 1, 1918, in denominations to suit the purchaser, except that 10 per cent of the bonds must be issued in denominations of \$500 or less.

The bonds will mature serially, \$13,500 October 1, 1923 and a like amount each April 1 and October 1 thereafter until the full amount is paid.

### Checks Accompanying Bids.

All bids must be accompanied by certified check, payable to the Oregon state highway commission for 5 per cent of the amount of the bid, which check shall be forfeited to the state in case the successful bidder fails to complete his purchase.

The legality of the issue of bonds has been passed upon by Storey, Thorndike, Palmer & Dodge, attorneys at law, Portland, and an approving opinion will be furnished the successful bidder.

### Fireworks Call for 25 Cent License Now

SPOKANE, Feb. 25.—A license fee of 25 cents will be required of all persons who celebrate the Fourth of July with fireworks and other explosives. It was decided today by state inspectors of Washington, Oregon, Idaho, and Montana, in conference here today.

Pending around all storehouses for explosives and prosecution for trespassing will be demanded of all manufacturers and dealers in powder and all mining companies, it was decided. It was announced that the federal regulations for the handling of explosives will be enforced to the letter in the four states.

### Oregon Artillerymen to Pass Through Here Tonight

Over 800 officers and privates of the Oregon coast artillery will pass through Salem tonight en route to California. The troops are from the forts at the mouth of the Columbia river. Among Salem men among them will be Mark Skiff, member of the well known family of that name. All of the troops are Oregonians.

Plans have been made in Portland to serve the artillerymen with box lunches when they pass through there in the afternoon, and it is possible that similar arrangements will be made here. It is not yet known what time the train will pass through Salem.

### Guatemala Has Violent Shocks by Earthquake

SAN SALVADOR, Republic of Salvador, Feb. 25.—Telegraphic communication with the interior of Guatemala is interrupted as a result of earthquake shocks of an extremely violent character.

### Fulton Knocks Out Frank Moran in Third Round

NEW ORLEANS, Feb. 25.—Fred Fulton of Rochester, Minn., knocked out Frank Moran of Pittsburgh in the third round of their scheduled 20-round fight here tonight. The men are heavyweights.

## RUSS ACCEPT PEACE TERMS OF GERMANY

"Peace Must Enue Shortly" Is Announcement; Huns Continue Unimpeded Advance With Great Rapidity

## TROTSKY REFUSES TO REPRESENT COUNTRY

Esthonia and Livonia Are Ordered Put Under German Police Power

(By The Associated Press)

The German imperial chancellor has told the reichstag that the Bolshevik government of Russia has accepted Germany's peace terms and that peace must ensue shortly.

The Germans, however, continue to overrun the country. Reval, on the Finnish gulf, together with its fortress, has been captured, as has Pskov, on the railway, 160 miles southwest of Petrograd. Southward the invaders everywhere are steadily pressing eastward and have formed a junction with the Ukrainians eighty-five miles west of Kiev, which they intend to occupy.

Since the renewal of hostilities the Germans have taken thousands of additional square miles of Russian territory, the rapidity of their virtually unimpeded advance being remarkable.

Especially rapid has been that through Volhynia, where efforts were directed to carry out the compact with Ukraine to aid in expelling the Bolsheviks.

Trotsky Refuses to Go.

The Russian delegates who are to treat with the Germans were to have left Petrograd Sunday night for Brest-Litovsk. Trotsky, Bolshevik foreign minister, who bolted the original peace conference, will not represent the government. It has been decided to send in his stead M. Zinovief, president of the Petrograd council of workmen and soldiers' delegates.

The German commander in the newly acquired Russian territory has informed the populace of Esthonia and Livonia that they now are under German police power, and the actions of the old regime have been ordered released from imprisonment and declarations have been made that the Germans will not permit their transfer to territory where they may again be made prisoner by the Bolsheviks.

In Petrograd the situation is critical. The American and entente allied ambassadors have elected to remain in the capital pending further developments, but many attaches and civilians have departed by way of the Trans-Siberian railway.

On the battle front the fighting by the infantry continues mainly in the nature of patrol encounters. The Americans along the Chemin-des-Dames made a raid in conjunction with the French, penetrating the German line for a few hundred yards. After sharp fighting in which a number of the enemy were killed and wounded two officers and twenty men of the German ranks were brought back by the Americans.

The British casualties during the last week amounted to 3571, the lowest number in several months. The total number of officers and men killed was 760.

### GUARD SHOULD BE ON ALERT

Governor Withycombe believes the Oregon home guard units should be so thoroughly organized as to be available for active duty on short notice. He thinks this should be brought out by placing all units of the force under state control. The governor was in conference Sunday with Acting Adjutant General Williams and the two men agreed that this should be done.

"While there is no immediate danger of an emergency perhaps that would make it necessary to call out all of the guards," said the governor, "yet we ought to be ready. I am not an alarmist, but I think the forces should be organized so that in the event of an emergency they can be available quickly and easily."

The governor spoke in a commendatory manner of the work that has already been done by the guards.

"I want to commend the work of the home guard," said the governor. "Especially in Portland has its work been of much value to the state and the guard is entitled to the gratitude of the state. The guard has been of great service in the shipyards and on the ships that are under construction."

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## DEATH LIST OF LINER FLORIZEL STANDS AT 92

Only 44 Persons Saved by Boat Crew From Newfoundland Steamer

## RESCUE WORK DIFFICULT

Ten Women and Four Children Dashed Overboard to Watery Graves

ST. JOHNS, N. F., Feb. 25.—Boat crews from the New Foundland steamer Prospero, braving the breakers here, are battling the wreck of the liner Florizel on the ledge north of Cape Race, today took off 44 survivors, all that were left alive of the ship's company of 136. The death list stands at 92. Of the rescued, 17 are passengers. Only two of the twelve women on board, and none of the four children, were saved.

Captain J. Martin of the Florizel and Major Michael Sullivan of the New Foundland pretry battalion, and Ralph Burnham, Royal Flying corps cadet, were among the rescued.

The Florizel, limped on a rock and surrounded by half submerged ledges, lay 900 feet from shore. Between her half submerged hull and the cliff the water was white with an almost unbroken swirl of breakers, making it impossible to send out lifeboats. A detachment of naval gunners managed to shoot a line aboard the steamer last night but those on board could not make it fast as the fore part of the steamer was continually buffeted by huge waves, the aftermath of yesterday's blizzard.

Survivors Huddle Helplessly.

In the sea-washed forecastle and in the fore-rigging the survivors huddled helplessly. Outside the rim of surf lay a fleet of rescue teamers, including the Prospero which had been sent by the government to the scene with special lifesaving apparatus.

Although the boat had moderated somewhat, it looked like a foolhardy attempt at rescue. Volunteers, however, went over the side of the Prospero in three surfboats and four dories.

Shooting the breakers with great daring, the flotilla worked under the lee of the Florizel and helped the two women and the 42 men into the boats. It was suicidal to attempt to make a landing under the cliffs and the return trip, with crowded boats, was accomplished amid grave perils.

But not one bit behind the surf boats were the dingy dories of the

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### NELSON ELECTED PRINCIPAL FOR YEAR 1918-1919

Board Acts at Recommendation of Todd Salary Remains Same

MANUAL ARTS FAVORED

Vocational Department of High School Goes Under Smith-Hughes Act

J. C. Nelson was last night reelected to the position of principal of the Salem high school for the year 1918-1919. His salary is to remain as at present, \$1800 a year. The board elected Mr. Nelson upon recommendation of City Superintendent John W. Todd.

The school board almost revolutionized the manual training department of the high school, at the suggestion of Superintendent Todd by placing it under the operation of the Smith-Hughes act.

In calling the attention of the board to the operation of the Smith-Hughes act the federal government will assist, through the state board of education, any school system which will vocationalize its manual training department. The minimum salary set by the state board of education is \$1200 a year, of which they agree to pay half. I would like to reorganize the manual training department of this high school so that it would meet the requirements of the Smith-Hughes act and thereby obtain federal aid. We can do this without additional room in the manual training department and without additional teachers, which means that the cost of teachers in

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## GERMAN PLOT TO CONTROL WOOL NIPPED

Wealthy New York Merchant to Be Interned as Enemy Alien Following Seizure of 40,000 Papers.

## SON AIDS ACTIVITIES AS BELGIAN AVIATOR

American Entrance Into War Turns Cornering Into Money Hoarding

NEW YORK, Feb. 25.—Alleged to be the agent in the United States for German interests which have been seeking to corner the world's wool market, Eugene Schwerdt, a wealthy wool merchant of New York and Boston, was arrested here today as an enemy and will be interned.

Schwerdt's alleged activities were disclosed to the federal authorities by the attorney general of New York state, Schwerdt's name having appeared in the correspondence of Hugo Schmidt, banker and alleged paymaster in the Bolo Pasha case which the attorney general investigated.

According to Deputy Attorney General Alfred L. Becker, Schwerdt was in correspondence with H. P. Albert, former financial agent here for the German government.

Control for Germany Sought.

A letter made public by Mr. Becker who conducted the inquiry was written by Schwerdt to Albert in January, 1917. Schwerdt informed Albert of the wool situation in America and outlined plans for obtaining control of wool stocks for Germany that had been engaged in the wool trade in half of German interests and manufacturing under American names, and that at the present time he is endeavoring to dissimulate his real sentiments and those of his son.

Among 40,000 papers which the attorney general seized from Schmidt during the Bolo Pasha inquiry were a number of letters written by Schmidt in connection with the wool accumulating plan. One of these, according to Mr. Becker, introduced Eugene Schwerdt, employed by Charles E. Webb, Philadelphia wool importer, to German manufacturers' interest in South America.

Son Belgian Aviator.

The junior Schwerdt was in the Belgian aviation service at the age of 17, during the first months of the war. With this record, it was easy for him to assume pro-ally sentiments, inasmuch as he also represented an American manufacturer in the wool business.

The original purpose of Schmidt and Schwerdt, Mr. Becker declared, was to enable Germany to obtain sufficient wool for military and industrial purposes. Two cargoes, valued together at several hundred

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## COUNTIES MAKE THEIR REPORTS

Agents Make Best Showings in Farm Survey—Marion May Be Lowest

Oregon counties making the best reports on the farm labor and crop survey, now in progress, are those having county agents, according to J. W. Brewer, representative of the federal department of agriculture, who was in Salem yesterday.

Mr. Brewer was in conference with State Labor Commissioner Hoff whose office is to compile the data gathered in the several counties of the state.

Josephine county, where the county agent is directing the survey, reports from 94 per cent of the farmers, and two other counties having agents have reported in excess of 75 per cent. Marion county, where the survey was turned down by the county court after a spirited controversy, bids fair to make the poorest showing in the state. The survey here is in the hands of S. H. Van Trump, whom the county court appointed fruit inspector against the protest of 15 per cent.

Assistants in the tabulation of data by Commissioner Hoff have been donated by the commercial department of the Salem high school and between thirty and forty students will begin the work next Monday. The work will be done at the high school.

## GERMAN CRUISER, OUT 15 MONTHS, RETURNS HOME

Trips Made by Wolf Through Atlantic, Pacific, and Indian Oceans

## KAISER SENDS WELCOME

British Admiralty Lays Sinking of Three American Vessels to Ship

BERLIN, via London, Feb. 25.—An official communication issued today says:

"The auxiliary cruiser Wolf has returned home after fifteen months in the Atlantic, Indian and Pacific oceans.

"The Kaiser has telegraphed his welcome to the commander and conferred the order pour le merite, together with a number of iron crosses on the officers and crew."

"The Wolf was commanded by Frigate Captain Nerger and inflicted the greatest damage on the enemy's shipping by the destruction of cargo space and cargo. She brought home more than 400 members of crews of sunken ships of various nationalities, especially numerous colored and white British soldiers, besides several guns captured from armed steamers and great quantities of valuable raw materials, such as rubber, copper, brass, zinc, cocoa beans, copra and similar articles to the value of many million marks.

"The English cruiser Turritella, which was captured in February, was equipped as a second auxiliary cruiser and christened Iltis. She successfully operated in the Gulf of Aden under the command of the Wolf's first officer, Lieutenant Captain Brandis, until confronted by British forces. She was sunk by her crew, numbering 27, who are prisoners in British hands.

"This cruise of the Wolf, carried out under most difficult circumstances, constitutes a unique achievement."

According to the British admiralty statement three American vessels were sunk by the auxiliary cruiser Wolf—the steam whaler Beluga, 508 tons, belonging to the Pacific Steam Whaling company of San Francisco; the Winslow, a four-masted schooner of 566 tons, hailing from San Francisco; and the four-masted schooner Encore, 651 tons, the home port of which was San Francisco.

The other vessels mentioned are all British except the Hitachi Maru, Japanese, of 6656 tons, and the Idiot Mendi, Spanish, 4648 tons. The Turritella was of 3551 tons, the Junna, of 3152 tons, the Wairuna, of 3152 tons, and the Matanga, 1818. Available records do not give the Wardsworth. The Doe was a three-masted schooner of 1169 tons.

AMSTERDAM, Feb. 25.—A dispatch to the Dusseldorfer Zeitung from Berlin says the auxiliary cruiser Wolf landed in the Adriatic sea.

The dispatch adds that the vessel tried to return to the North sea but was barred by the watchfulness of the British ships.

Chaler Thought Victim.

SAN FRANCISCO, Feb. 25.—The steam whaler Beluga left San Francisco March 1, 1917, for Sydney, Australia, and again was sent to the Adriatic sea by the German navy.

The Winslow sailed from Sydney for Apia May 1 of the same year, and the Encore was last reported as sailing from Apia for Sydney May 25, 1917. The Winslow and the Encore, like the Beluga, were believed to have fallen into the hands of German raiders but their fates were never officially known until tonight.

Eleven Ships Sunk.

LONDON, Feb. 25.—Referring to a German report of the sinking of the German auxiliary cruiser Wolf after a cruise of fifteen months, British admiralty communication issued this evening assumes that during that period the Wolf sank in the Indian and Pacific oceans the following eleven ships and made their crews prisoners:

Steamers: Turritella, Junna, Wardsworth, Wairuna, Beluga, Matanga, Hitachi, Maru and Idiot Mendi.

Sailing vessels: Dee, Winslow and Encore.

The communication adds: "The Turritella was an unarmed merchantman and not a cruiser. She was captured in February, 1917, and a German prize crew placed aboard. The Turritella was then equipped for mine laying and a few days later was encountered by a British warship whereupon the prize crew sank the Turritella and were themselves taken prisoner."

## STEP TOWARD PEACE SEEN BY HERTLING

German Chancellor Agrees Discussion Can Be Held on Four Principles Laid Down by President Wilson

## DEMAND MADE FOR GENERAL RECOGNITION

England's Aims Still Called Imperialistic; Belgium Is Mentioned

AMSTERDAM, Feb. 25.—Speaking before the reichstag today the imperial German chancellor, Count von Hertling, made this declaration: "I can fundamentally agree with the four principles, which in President Wilson's views must be applied thus declare with President Wilson that a general peace can be discussed on such a basis.

"Only one reserve need be made in this connection: These principles must not only be proposed by the president of the United States but also must actually be recognized by all states and peoples."

"But this goal has not yet been reached. There is still no court of arbitration established by all the nations for the preservation of peace in the name of justice. When President Wilson incidentally says that the German chancellor is speaking to the 'tribunal of the entire world,' I must decline this 'tribunal' as prejudiced, joyfully as I would great it, if an impartial court of arbitration existed and gladly as I would cooperate to realize such ideals.

"Unfortunately, however, there is no trace of similar statements on the part of the leading powers of the entente. England's war aims are still thoroughly imperialistic and she wants to impose on the world a peace according to England's good pleasure.

"When England talks about the people's right of self-determination, she does not think of applying the principle to Ireland, Egypt and India."

"It has been repeatedly said that we do not contemplate retaining Belgium, but that we must be safeguarded from the danger of a country with which we desire after the war to live in peace and friendship, and from becoming the object of ramping off ground of enemy machinations. If, therefore, a proposal came from the opposing side, for example, from the government in Havre, we should not adopt an antagonistic attitude, even though the discussion at first might only be unbinding."

"Meanwhile, I readily admit that President Wilson's message of February 11 constitutes perhaps a small step toward a mutual approach."

With reference to a statement recently made by Walter Runciman, the former president of the board of agriculture, in the British cabinet, the chancellor said:

"I can only agree with Mr. Runciman if he meant that we should be much nearer peace if proper responsible representatives of the belligerent powers would meet in conference for discussion. That would be a way to remove all intentional and unintentional misunderstanding and bring about an agreement on many individual questions. I am thinking especially in this connection of Belgium."

"The world is longing for peace," the chancellor said, "but the governments of the enemy countries again are inflaming the passion for war. There are, however, other voices to be heard in England; it is to be hoped these voices will multiply.

"The world now stands before a final decision. Either our enemies will decide to conclude peace—they know on what conditions we are ready to begin a discussion—or they will continue the insanity by their criminal war of conquest."

### 10 Persons Killed in Rear-End Collision

COLUMBIA, S. C., Feb. 25.—Ten persons were killed outright, two died of injuries and between twenty-five and thirty-five others were more or less seriously injured in a rear-end collision of two passenger trains today on the Columbia-Green-Via branch of the Southern railway.

### Austrian Traitors at Camp Not Sentenced

CAMP LEWIS, WACOMA, Wash., Feb. 25.—No disposition had been made today of the cases of the four Austrian soldiers arrested last week after they had been accused of threatening to kill the officers at the first opportunity if France and their comrades were to the Germans.