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LIBERTY MOTORS SUCCESS

First Flight of Squadron of 18 De Havilland Planes Successfully Carried Out Behind German Lines on Western Front in France

SETS AT REST RUMORS AIMED AT SEAPLANES

Indications Point to Fact That Large Number of Reserve Planes Are Now Operating for Pershing's Army

WASHINGTON, Aug. 16.—General Pershing today advised the war department that early in August a complete squadron of eighteen De Havilland—four airplanes built in the United States and equipped with Liberty motors, successfully carried out the first reconnaissance flight of American-built machines behind German lines. They returned without loss.

In making this announcement Secretary Baker said that Brigadier General Foulis of the American air service led the expedition.

Secretary Baker said he had no other information regarding the flight except that Lieutenant Blair Thaw was on the trip. The secretary withheld the time and place.

The announcement was considered by officers as setting at rest rumors that the De Havilland machines were not a success and also as showing that the Liberty motors have now proven themselves in actual war conditions.

The machine, each carrying a pilot and observer, are equipped with four machines, a recommendation of General Pershing made many months ago.

The flight undoubtedly was a scouting trip.

No recent figures on the production of the De Havilland fours are available and Secretary Baker would not sanction their discussion. The production of the one thousandth machine at the plant of the Dayton-Wright company was recently celebrated and since then another great plant has come into quantity production.

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SWEDEN SEES PEACE HOPE FADE

Swedish Premier Declares Belligerents Seem To Have No Desire for Peace Negotiations Just Now

LONDON, Aug. 16.—According to a Copenhagen dispatch to the Exchange Telegraph company, Professor Eden, the Swedish premier, replying to a deputation from the Swedish organizations of Good Templars, who asked whether one of the neutral states should take the initiative regarding peace negotiations, said as there was no reason to believe that the belligerents were willing to consider mediation, Sweden could not commence negotiations.

Sweden, the premier added, was following the present developments with great interest and was at the disposition of the warring powers should any desire for mediation be expressed.

LAUNCH HEAVY ATTACKS ON YANKS

Germans Use Gas, Artillery and Airplanes in Vain Assumption That Americans Are Bringing Up Troops

(By The Associated Press) WITH THE AMERICAN ARMY ON THE VESLE FRONT, Aug. 16.—The Germans launched a combined gas, artillery and air bombing attack upon the French and Americans along the Vesle early Friday morning. This was in retaliation for a bombing raid by American aircraft on bridges over the Aisne late on Thursday.

The German artillery continued shelling the cross roads south of the Vesle for hours, on the assumption that the French and Americans were bringing up troops. German aviators bombed the woods and villages south of the Vesle, apparently working in relays.

Dairy Industry of State Declared to Be In Grave Peril

PORTLAND, Aug. 16.—Oregon's dairy industry is in grave peril, according to B. H. Rawl, chief of the dairy division, United States department of agriculture, who has been touring the Willamette valley counties on an inspection tour.

"There is but one solution," declared Mr. Rawl, "and that is for consumers to pay enough for milk and dairy products to induce dairymen to remain in business."

Milk in Portland now costs the consumer \$4 a month for a quart delivered.

NORTHCLIFFE HAS PRAISE FOR THE U. S. AIR OUTPUT

Declares It to Be Greater Than That of Austria and Germany Combined

ALSO ASSERTS IT LARGER THAN GREAT BRITAIN'S

Declares America Has Accomplished One of World's Greatest Miracles

LONDON, via Montreal, Aug. 16.—Lord Northcliffe today entertained at luncheon a number of Canadian, Australian and American editors and a number of statesmen and prominent citizens of the dominions.

Lord Northcliffe said the way the colonies had been coming over to help the old country was one of the most touching things in history. He spoke of Gallipoli and Vimy ridge, and also dwelt on what the Americans had done at Chateau Thierry. The Americans, he said, had proved to be "the goods." What the Germans had called a mob uniform had proved to be an entirely new and most efficient kind of an army.

Lord Northcliffe also touched on the output of air engines in the United States and declared that this was far greater than the combined output of Austria and Germany, or of the whole British empire. The American Liberty motor, he said, was a wonderful production. He estimated that the United States

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German Bandmen To Renounce the Kaiser and Old "Vaterland"

CHICAGO, Aug. 16.—German members of the Chicago Symphony orchestra today renounced the Kaiser, the "Vaterland" and such of their kin as are fighting in the enemy armies, at a meeting of the Chicago Federation of Musicians.

Loyal alien members will not be expelled as was formerly announced. Joseph Winkler, president of the organization, who announced the change in policy, said all disloyal members would be expelled.

80 PER CENT TAX ON WAR PROFITS GOES

McAdoo Plan Decided Upon by Committee—General Outline for Excess Profits Tax of Corporations Reached.

DIFFERENTIAL PLANNED ON EARNED INCOMES

Returns Upon Income Tax Law Also Will Be Posted in Every County

WASHINGTON, Aug. 16.—An 8 cent exemption in addition to a specific \$3000 exemption on the excess profits of corporations, with a tax of 4 per cent on all excess profits between eight per cent and 20 per cent and a tax of 60 per cent on all excess profits exceeding 20 per cent, was agreed upon today by the house ways and means committee.

The committee, in writing this schedule into the \$5,000,000,000 revenue bill, also adopted the treasury's alternative plan for a flat 80 per cent tax on war profits. The committee agreed to three classifications of business for purposes of deduction from the war profits.

The deduction for pre-war earnings is: Financial and transportation corporations, 8 per cent; manufacturing, farming and general business, 10 per cent; and mining and kindred hazardous business, 12 per cent. Twenty per cent of business corporations, it is estimated, will be affected by the war profits tax and the remainder by the excess profits tax.

Estimates show excess and war profits taxes will yield a total of \$3,000,000,000 which would bring the total of the bill much nearer the \$8,000,000,000 goal.

Chairman Kitchin of the committee, said today that the treasury expected to submit tomorrow some further suggestions regarding the income tax. He said unless there is something to change the situation the normal income tax rate will begin with 5 per cent on the first \$4,000 and 10 per cent on all incomes between \$4,000 and \$5,000, the surtax beginning at \$5,000.

The surtax schedule, Chairman Kitchin said, probably would stand as agreed to, with the following percentages: \$5,000 to \$7,500, 3 per cent; \$7,500 to \$10,000, 6 per cent; \$10,000 to \$15,000, 10 per cent; \$15,000 to \$20,000, 15 per cent; \$20,000 to \$30,000, 20 per cent; \$30,000 to \$40,000, 25 per cent; \$40,000 to \$50,000, 30 per cent; \$50,000 to \$60,000, 40 per cent; \$60,000 to \$70,000, 45 per cent; \$70,000 to \$80,000, 48 per cent; \$80,000 to \$90,000, 48 per cent; \$90,000 to \$100,000, 49 per cent; \$100,000 to \$200,000, 50 per cent; \$200,000 to \$400,000, 55 per cent; \$400,000 to \$500,000, 60 per cent; \$500,000 to \$1,000,000, 65 per cent, and \$1,000,000 to \$5,000,000 70 per cent.

All incomes over \$5,000 would pay a surtax of 75 per cent which added to the normal tax, would make such incomes taxable to the extent of 85 per cent. Chairman Kitchin made this statement tonight:

"We changed the plan for payment of the taxes by installments, at the suggestion and request of the treasury department, so that one-third

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SPAIN PLANS TO COMPENSATE SELF

Will Work Reprisals on Germany for Damage Done to Her Shipping

LONDON, Aug. 16.—Spain has notified Germany of her intention to compensate herself for future outrages against Spanish shipping by confiscating a corresponding amount of tonnage from German shipping that has found refuge in Spanish ports, says a dispatch to the Times from Santander. There are about 90 German steamers voluntarily interned in Spain.

MADRID, Thursday, Aug. 15.—Premier Maura and Foreign Minister Dato left Madrid today for summer resorts, having learned officially of the reception given by the German government to the Spanish note on the torpedoing of Spanish vessels.

El Liberal says the Spanish government already knows unofficially the impression made on the German government by the note. According to El Sol, the note will be published in full as soon as the Madrid cabinet hears it has reached Berlin.

Looked Like Smith and Almost Served In Jail as a Result

A year ago Jesse Smith of Salem deserted his wife and two small children and left for parts unknown. Three months later another child was born. Yesterday Mrs. Smith saw a man who looked like her husband go into the local theater. She rushed to District Attorney Gehlbach's office and swore out a warrant for his arrest, charging non-support. Deputy Sheriff Bowers was called and went with Mrs. Smith to the theater where the man was found. "You are arrested for non-support," said Bowers as he hustled the captive out of the playhouse.

The man was indignant. "You have made a mistake," he said. "I left my wife at Albany this morning and she hasn't any reason to charge me with non-support."

"You are my husband," Mrs. Smith retorted.

"I am not," he denied hotly. The argument was continued at the office of Justice of the Peace Webster.

"To prove you are my husband I'll have my father at the Spaulding mill identify you," declared Mrs. Smith.

An officer escorted the pair to the mill.

"No, that man isn't your husband," replied Mrs. Smith's father when his daughter appealed to him for proof.

It developed that the man's name was Rush and that he lives at Albany. He was turned loose.

MACHINE GUN UNIT OPPOSED IN HOME TOWN

Recruits, Aroused, March to Governor's Residence and Present Cause

WILLIAMS IS VISITED

Leaders Say Line Company Promoters Want to Grab Off Recruits

Opposition that has arisen in Salem against the organization of a machine gun company for the new National guard regiment now being formulated in the state, caused between 50 and 60 men who have been recruited for the machine gun company to march to the residence of Governor Withycombe last night where the situation was placed before him. The governor said he would investigate today and find out if there is any reason why Salem should not have the regiment's machine gun company. The governor will communicate with Adjutant General Williams.

An effort also is being made here to organize a line company for the new National guard, and according to the machine gun adherents, it is some of the promoters of the proposed line or infantry company who are trying to keep out the machine gun company. The reason for the opposition is said to be a desire to enlist the recruits who already have been procured for the machine gun unit.

Those fighting the latter are said to be circulating a rumor that the machine gun unit is certain to be formed in Portland and that there is no chance for it to come Salem's way, hence that to sign for it is futile. Captain LeRoy Hewlett and Lieutenant L. R. M. Pierce of the machine gun company's preliminary organization conferred with Adjutant General Williams in Portland yesterday and were told by him that no authority has been delegated for the organization of a machine gun unit in Portland. This authority has been delegated to Salem, the local men being first to apply. Already 57 men, the minimum number required, have been received. Adjutant General Williams invited Hewlett and Pierce to attend a meeting of the general staff in Portland next week when the subject will be threshed out.

A report recently has been given out here that those joining the new infantry company will stand a good chance to be sent to Siberia. The machine gun supporters brand this as "all bunk" and declare it is an effort to get the pick of the recruits.

World's Record Stepped by Four-Year Old Ranner

SARATOGA SPRINGS, N. Y., Aug. 16.—A new world's record for a mile and three-sixteenths was established by Commander J. K. L. Ross' four-year-old Cudgel in the fourth race of the Schenectady handicap there this afternoon. Cudgel carried 131 pounds and covered the distance in 1:56 flat. The old record was 1:56-3-5, established by Milton B. at Latonia in 1913.

THE WEATHER.

Probably fair, except showers near the coast; moderate southwesterly winds.

DEPARTURE OF ALIENS RESTRICTED

Government Places Embargo on Enemies and Will Require Them to Secure Passports After September 15

OPERATIONS OF ENEMY AGENTS ARE CURTAILED

New Move Believed Will Block Spies Who Report to Superiors Abroad

WASHINGTON, Aug. 16.—Freedom of departure from this country of aliens by means of which a number of dangerous enemy agents have been able to escape from the authorities will not be permitted after September 15, under a proclamation signed by President Wilson and an executive order. The proclamation and executive order puts into effect the alien control law passed by congress last May.

Under the executive order aliens after September 15 will be required to obtain permits before leaving the United States and additional restrictions will be placed on the entry of aliens. Attempts to evade the draft, through leaving the country, which officials believe will increase with passage of the bill extending the draft ages, will be rendered less easy.

"Heretofore, American citizens have been required to make applications for passports in order to go abroad and to explain to the satisfaction of the state department, the necessity of their trips, while aliens have been permitted to depart freely without making applications for or explaining their trips," said an explanatory statement issued by the state department tonight. "The new law now places aliens in this respect on a basis similar to that of citizens."

"It is believed that many aliens have been leaving the United States as German agents, carrying information abroad for the use of the enemy. The new law is designed to prevent the departure of all such enemies of the United States. There have been numerous instances of the operations of such German-paid agents and spies who have left the country because there was no law to prevent their departure."

In this connection the state department statement pointed out the freedom with which such persons as Robert Fay, organizer of German bomb plots; Franz von Rintelen, Fay's assistant; Dr. Walter R. Scheele, have been able to escape.

The new regulations, according to the state department statement will operate as follows:

"Aliens desiring to leave the United States will be required to make application to the immigration inspector or United States district attorney nearest his last place of residence. Aliens living east of the Mississippi shall make such application not less than fourteen days nor more than 28 days before the date of the proposed sailing. Those living west of the Mississippi shall make application not less than 18 days nor more than 28 days before date of sailing. Each alien must also submit a passport issued, renewed or used within ten days prior to the date of his application and must bring with him as witness an Ameri-

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TANK STEAMER U-BOAT VICTIM

May Have Furnished Oil to Submarine After Fuel Is Exhausted

BEAUFORT, N. C., Aug. 16.—A large oil tank steamer is afire about 25 miles off Cape Hatteras, according to reports brought here tonight. A submarine is lying close by. The members of the crew have been taken off by life guards. It is presumed the submarine is a German and the tanker set on fire by shell fire.

WASHINGTON, Aug. 16.—At the navy department tonight it was said "there is nothing else to give out" regarding the attack on a large oil tank steamer by a German submarine off Cape Hatteras, reported in a dispatch from Beaufort, N. C.

It is generally believed that the German U-boat, probably the same one which recently destroyed the Diamond Shoals lightship off Cape Hatteras, had run short of oil and had attacked the oil tanker with the purpose of replenishing its supply. After taking aboard the needed oil, it was thought probable that the submarine had shelled and set fire to the tanker.

Salem Woman Is Vice-President of War Mothers

INDIANAPOLIS, Ind., Aug. 16.—Mrs. Alice M. French of Indianapolis, was elected national war mother at the closing session of the convention of the American War Mothers. Other officers include: Mrs. Emilie Hendricks, Salem, Or., first vice-war mother; Mrs. Mary Roberts Rinehart, Pittsburg, historian; directors, Mrs. Emma V. W. Standrod, Pocatello, Ida.; Mrs. Curtis Joseph Lord, Cando, N. D.; and Mrs. Grace Fabie, of Topeka, Kan.

CANADIANS AND FRENCH STILL MAKE ADVANCE

Between Goyencourt and Lancourt Push Forward on Three-Mile Front

GERMANY DEMANDS THAT AUSTRIA SEND TROOPS

Insists That From Ten to Fifteen Divisions Go to Western Theater

PARIS, Aug. 16.—French and Canadian troops have made progress against the Germans over a front of more than three miles between Goyencourt and Lancourt, west of Roye, according to the French official communication issued this evening. The Bois des Loges, five miles south of Roye, also has been penetrated deeply by the entente.

LONDON, Aug. 16.—The British Thursday evening repulsed a strong German counter attack at Derny, and today in co-operation with the French made substantial progress in the direction of Fresnoy-les-Roye and Fransart, according to the official report from Field Marshal Haig's headquarters in France, issued tonight.

(By The Associated Press) Evidently it is not in the plans of the allies to leave the Germans secure in their possession of the line between the Somme and the Oise. Although the front from the south of the Somme past Chaumes through Roye to Noyon has been studied with fresh reinforcements and innumerable guns to keep back the allied

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W. Al Jones in Critical Condition at Father's Home

The condition of W. Al Jones, one of Marion county's Republican nominees for the state senate, who for several weeks has been ill at the home of his father, T. H. Jones, 417 North Commercial street, was extremely critical last night. Mr. Jones' illness is a recurrence of an illness with malarial fever. He had apparently recovered when he suffered a relapse.

AMSTERDAM, Aug. 16.—The first

TO EXPEL GERMAN INVADER

Government of Northern Russia Formed—Issues Strong Platform of Democracy and Demands Re-Creation of Russian Army

RENEWAL OF WAR ON EAST FRONT DEMANDED

Co-operation and Aid Pledged to Entente—Connected Story of Advance Tells of Assistance Given by Americans

LONDON, Aug. 16.—(British Wireless Service)—The government of Northern Russia has been formed with M. Tchakovsky, as president and minister of foreign affairs. The other members of the government include socialists of various parties.

The political program of the new government, which has just been issued, contains the following clauses:

First—The recreation of Russian democratic power; second, the reestablishment of local government on a basis of universal suffrage; third, the recreation of the Russian national army and a renewal of the war on the eastern front; fourth, the expulsion of the German invaders and other enemies of Russia, to be carried out with the aid of, and in co-operation with the entente allies."

HARRIN, Monday, Aug. 13.—(By The Associated Press)—One thousand Czechs on their way to join General Semichoff arrived here today and were given an enthusiastic reception in which the allied consuls and members of the American railway commission took part.

WASHINGTON, Aug. 16.—The Bulgarian and Turkish ministers to Russia have arrived in Berlin from Moscow, according to an official dispatch from France today. Quoting the Munich Neue Machrichten, the dispatch says the Germans are greatly disappointed at not being able to depend upon the Bolshevik rule.

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ASK VERMONT GOVERNOR TO QUIT

Alleged Old Peculations When He Was State Auditor Responsible for Demands Made by State Committee

BURLINGTON, Vt., Aug. 16.—Governor Horace Graham today was asked to resign his office, in resolutions adopted by the Republican state committee at a special executive session. This week discrepancies amounting to \$20,000 were said to have been found in the accounts of the governor when he was state auditor.

Governor Graham was invited to the meeting, but did not attend. In a public statement Governor Graham admitted that he was at fault in handling his salary and official expenses, but said he was not aware asked the people of the state to suspend judgment pending an examination of his accounts.

BILLION DOLLAR BUDGET TOO LOW

Director General McAdoo Finds Ante Must Be Hit Up Now To Meet Demands for Railroad Improvement Needs

WASHINGTON, Aug. 16.—The so-called billion dollar budget approved early this year by Director General McAdoo for railroad improvements and equipment has proven insufficient to meet war needs, and it has been increased to \$1,097,398,000, or \$156,000,000 more than the original aggregate of budgets of all federally controlled roads. This was disclosed today in detailed report of capital expenditures authorized to date.

Most of the increase was made necessary by the growing need for cars and locomotives. Originally \$436,000,000 was authorized for purchase of new rolling stock, but this has been raised to \$655,686,000 by huge

orders placed by the railroad administration. For addition and betterments, including new yards and industry tracks, terminal facilities, stations and bridges, the budgets of the first class roads provided originally for \$423,000,000. This has been pared down to \$404,000,000, chargeable to capital accounts, but additional work costing \$105,000,000 has been authorized to be charged to operation expenses. The \$20,000,000 approved early this year, for extensions and branch tracks has been raised to \$35,000,000.

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