The Statesman receives the leased wire report of the Assoclated Press; the greatest and most reliable press association in the world.

SIXTY-EIGHTH YEAR-NO. 122

Dairy Industry of

State Declared to

Be In Grave Peril

SALEM, OREGON, SATURDAY MORNING, AUGUST 17, 1918.

Oregon Statesman



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 Haviland-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 help the old country was one of the most touching things in history. He Secretary Baker said that Brigaspoke of Gallipoli and Vimy ridge, dier General Foulois of the Amer- and also dwelt on what the Ameriican air service led the expedition. cans had done at Chateau Thierry. The Americans, he said, had proved Secretary Baker said he had no to be "the goods." What the Gerother information regarding the mans had called a mob uniform had flight except that Lieutenant proved to be an entirely new and most efficient kind of an army. Blair Thaw was on the trip. The Lord Northcliffe also touched on secretary withheld the time and the output of air engines in the place. United States and declared that this The announcement was conwas far greater than the combined output of Austria and Germany, or of the whole British empire. The gin with 5 per cent on the first \$4,sidered by officers as setting at rest rumors that the De Haviland new American Liberty motor, he machines were not a success and said, was a wonderful production. He estimated that the United States

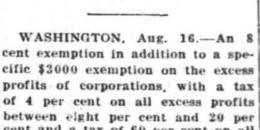


ALSO ASSERTS IT LARGER THAN GREAT BRITAIN'S

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



DIFFERENTIAL PLANNED

**Returns Upon Income Tax** 

Law Also Will Be Posted

in Every County

**ON EARNED INCOMES** 

**80 PER CENT** 

ed.

TAX ON WAR

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 \$8,000,000,000 revenue bill, also adopted the treasury's alternative plan for a flat 80 per cent tax on war profits. The comittee 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. Ninety per cent of business corporations, it is estimated, will be affected by the war profits tax and

**PROFITS GOES** children and left for parts unknown. Three months later another child was born. Yesterday Mrs. Smith saw a man who looked like her hus-McAdoo Plan Decided Upon band go into a local theater. She rushed to District Attorney Gehlhar's by Committee — General office and swore out a warrant for his arrest, charging non-support. **Outline for Excess Profits** Deputy Sheriff Bowers was called Tax of Corporations Reach- 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 Spauld-

ing 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 Alcent and a tax of 60 per cent on all bany. He was turned loose,



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



"Heretofore, American eitizens have been required to make applications for passports in order to go faction of the state department, the Bois des Loges, five miles south of new government, which has just necessity of their trips, while aliens Roye also has been penetrated deep- been issued, contains the followhave been permitted to depart free- av

AUSTRIA SEND TROOPS Insists That From Ten to Fifteen Divisions Go to West-

nadian 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 comabroad and to explain to the satis- munication issued this evening. The



DAILY EDITION

PRICE: FIVE CENT

**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. Tchaikovsky, as president and minister of foreign affairs. The other members of the government include socialists of various parties.

The political program of the ng clauses:

First-The recreation of Rus-

sian democratic power; second,

the reestablishment of local gov-

ernment on a basis of universal

suffrage; third, the recreation of

the Russian national army and a

renewal of the war on the east-

ern front; fourth, the expulsion

of the German invaders and other

enemies of Russia, to be carried

out with the aid of, and in co-op-

HARBIN, Monday, Aug. 11 .- (By

WASHINGTON, Aug. 16 .- The

The Associated Press)-One thou-

sand Czechs on their way to join

General Seminoff arrived here to

eration with the entente allies,

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 onths ago.

The flight undoubtedly was a scouting trip.

No recent figures on the production of the De Haviland 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.

(Continued on page 6).

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 Ex-lieve that the belligerents were willing to consider mediation Sweden change Telegraph company, Procould not commence negotiations. fessor Eden, the Swedish premier. replying to a deputation from the following the present developments Swedish organizations of Good Tem- with great interest and was at the plars, who asked whether one of disposition of the warring powers the neutral states should take the in- should any desire for mediation be itiative regarding peace negotiations. | expressed.

LAUNCH HEAVY ATTACKS ON YANKS Germans Use Gas, Artillery and Airplanes in Vain Assumption That Americans Are Bringing Up Troops that has found refuge in Spanish

(By The Associated Press) WITH THE AMERICAN ARMY participated in the raid on the Aisne bridges. Early Friday other Ameri-ON THE VESLE FRONT, Aug. 16 .--The Germans launched a combined can fliers went up and took photogas, artillery and air bombing attack graphs for the purpose of ascertainupon the French and - Americans ing the effects of the bombs dropped. along the Vesle early Friday morn- A great deal of traffic had been reing. This was in retailation for a ported passing over the Aisne bridges bombing raid by American airmen and the French and Americans inon bridges over the Alsne late on creased the fire of their heavy guns. Thursday. As a result of the reports of ob-

The German artillery continued servers, the French and Americans shelling the cross roads south of the laid down a box barrage during Vesle for hours, on the assumption Thursday night on machine gun that the French and Americans were nest along the hills to the northwest bringing up troops, German aviators of Fismes. Observers and patrols

(Continued on page 2)

German Bandmen To **Renounce** the Kaiser and Old "Vaterland"

CHICAGO, Aug. 16 .- German 000 to \$50,000, 30 per cent; \$50. members of the Chicago Symphony 000 to \$60,000, 40 per cent; orchestra today renounced the kai- 000 to \$70,000, 45 per cent: \$70. ser, the "Vaterland" and such of 000 to \$80,000, 46 per cent: \$80. 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.

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 commit-

tee, said today that the treasury expected to submit tomorrow some furfurther suggestions regarding the Income tax. He said unless there is something to change the situation

the normal income tax rate will be-000 and 10 per cent on all incomes between \$4000 and \$5000, the surtax beginning at \$5000. The surtax schedule, Chairman

Kitchin said, probably would stand as agreed to, with the following percentages: \$5000 to \$7500, 3 per cent; \$7500 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 \$3,000, 20 per cent; \$30-000 to \$40,000, 25 per cent; \$40.-\$60.

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; \$300,-000 to \$500,000, 6 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 \$5,000,000 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 Kitch

n made this statement tonight: 'We changed the plan for payment of the taxes by installments at the suggestion and request of the treasary department, so that one-third tile.

(Continued on page 2)

sweden, the premier added, was Will Work Reprisals on Ger-

## many for Damage Done to Her Shipping

LONDON, Aug. 16 .- Spain has notified Germany of her intention to of tonnage from German shipping

ports, says a dispatch to the Times from Santander. There are about 90 A group of 12 American aviators German steamers voluntarily interned in Spain.

> MADRID, Thursday, Aug. 15 .--Premier Maura and Foreign left Madrid Minister Dato today for summer resorts, havlearned 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 bombed the woods and villages south reported Friday morning that ma- to El Sol, the note will be published of the Vesle, apparently working in chine guns had been destroyed and in full as soon as the Madrid cabinet hears it has reached Berlin.

the remainder by the excess profits WILLIAMS IS VISITED Estimates show excess and war

> 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 have been numerous instances of the formulated in the state, caused beween 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 Adjjutant General Williams

An effort also is being made here operate as follows:

to organize a line company for the new National guard and according ed States will be required to make to the machine gun adherents, it is application to the immigration income of the promoters of the proposed line or infantry company who torney nearest his last place of resiare trying to keep out the machine dence. gun company. The reason for the Mississippi shall make such applicaopposition is said to be a desire to tion not less than fourteen days nor enlist the recruits who already have more than 28 days before the date been procured for the machine gun of the proposed sailing. Those livunit

Those fighting the latter are said to be circulating a rumor that the days nor more than 28 days before machine gun unit is certain to be formed in Portland and that there so submit a passport issued, renewis no chance for it to come Salem's ed or vised within ten days prior to way, hence that to sign for it is fu- the date of his application and must Captain LeRoy Hewlett and bring with him as witness an Ameri-

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 regulred, 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 compensate herself for future out- infantry company will stand a good rages against Spanish shipping by chance to be sent to Siberia. The confiscating a corresponding amount 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 Runner

SARATOGA SPRINGS, N. Y.; Aug 16 .--- A new world's record for a mile and three-sixteenths was established by Comander J. K. L. Ross' fouryear-old Cudgel in the fourth race-'the Schennectady handlcap' there tonia in 1913.

THE WEATHER.

ly without making applications for or explaining their trips," said an ex-

planatory statement issued by the state department tonight. "The new law now places aliens in this respect on a basis similar to that of citi-

"It is believed that many allens have been leaving the United States. as German agents, carrying information abroad for the use of the enenight

lapse.

my. The new law is designed to preyent the departure of all such ene-

mies of the United States. There operations of such German-paid agents and spies who have left the country because there was no

zens.

to prevent their departure." In this connection the state de partment statement pointed out the freedom with which such persons as Robert Fay, organizer of German bomb plots: Franz von Rintelen, and Fay's assistant, Dr. Walter R Scheele, have been able to escape The new regulations, according to the state department statement will

"Aliens desiring to leave the Unit spector or United States district at-Aliens living east of the ing west of the Mississippi shall

make application not less than 18 date of sailing. Each alien must al-

(Continued on page 2)



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 this afternoon. Cudgel carried 131 German U-boat, probably the same pounds and covered the distance ip one which recently destroyed the Di-1:56 flat. The old record was1:56- amond Shoals lightship off Cape Hat-3-5, established by Milton B. at La- teras, 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

and locomotives. Originally \$486 .-Probably fair, except showers near was thought probable that the subthe coast; moderate southwesterly marine had shelled and set fire to of new rolling stock, but this has been raised to \$655,686,000 by huge the tanker.

by the cutente

LONDON, Aug. 16 .- The British Thursday evening repulsed a strong German counter attack at Damery and today in co-operation with the French made substantial progres in the direction of Fresnoy-les-Roye and

Fransart, according to the official report from Field Marshal Haig's headquarters in France, issued to-

(Es 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 In v of the Somme past Chaulnes through Roye to Noyon has been studded with resh reinforcements and Innumarable guns to keep back the allied

and were given an enthusiastic reception in which the allied consult (Cohtinged on page 6). and members of the American rall-W. Al Jones in Critical way commission took part. **Condition at Father's Home** 

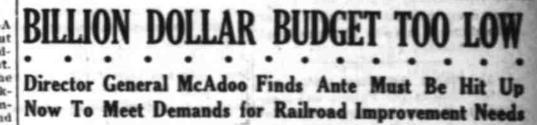
Bulgarian and Turkish ministers to The condition of W. Al Jones one Russia have arrived in Berlin from of Marion county's Republican nom-Mosow, according to an official disinces for the state senate, who for patch from France today. Quotin everal weeks has been ill at the the Munich Neuve Machricten, the ome of his father, T. H. Jones, 417 dispatch says the Germans are great-North Commercial street, was ex- ly disappointed at not being able to tremely critical jast night. Mr. Jones' depend upon the Bolsheviki rule. illness is a recurrence of an illness with malarial fever. He had appar-AMSTERDAM, Aug. 16 .--- The first ently recoved when he suffered a re-

(Continued on page 6).

## ASK VERMONT GOVERNOR TO OUIT Alleged Old Peculations When He Was State Auditor Responsible for Demands Made by State Committee

Governor Horace Graham today was the meeting, but did not attend. In asked to resign his office, in resolu- a public statement Governor Grastate committee at a special execu- in handling his salary and official tive session. This week discrep- experies, but said he was not aware ancies amounting to \$20,000 were asked the people of the state to sussaid to have been found in the ac- asked the peole of the state to suscounts of the governor when he was pend judgment pending an examinstate auditor.

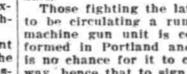
BURLINGTON, VL. Aug. 16 .--- ] Governor Graham was invited to ions adopted by the Republican ham admitted that he was at fault ation of his accounts.



WASHINGTON, Aug. 16 .- The so | orders placed by the railroad admin alled billion dollar budget aproved 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 deailed report of capital expenditures authorized to date. Most of the inrease was made nec essary by the growing need for cars

istration. For addition and betterments, cluding new yards and industry tracks, terminal facilities, stations and bridges, the budgets of the first class roads provided originally for \$433,000,000. This has been pared down to \$404,000,000, chargeable to capital acounts, but additional work osting \$105,000,000 has been authorized to be charged to operation expenses. The \$20,000,000 approve early this year, for extensions and branch tracks has been raised to 000,000 was authorized for purchase \$35,000,000.

(Continued on page 2)





winds.