

MILLIONS WASTED IN AIRCRAFT BARED.

Impressive Revelations in Hughes' Report—Colonel Deeds Accused

Washington, Oct. 31.—The long-awaited report of the aircraft investigation, conducted the last five months by Charles Evans Hughes and Attorney General Gregory, was placed before President Wilson today and made public.

Colonel E. A. Deeds, about whom regard most of the charges which brought on the investigation, the report recommends, should be brought before a court-martial for sending confidential War Department information on the aircraft situation to former business associates in Dayton, O., and for being sponsor last Friday for a grossly misleading statement to the effect that "first American-built battle planes are today en route to the front in France."

Three to be Prosecuted.

Criminal prosecution of three Army officers are recommended on the ground that they transacted business with corporations in which they were financially interested.

Delays and waste of the production program, the report declares, were due chiefly to "defective organization of the work of aircraft production and the serious lack of competent direction of that work by the responsible officers of the Signal Corps."

Cadet Training Delayed.

One of the most regrettable incidents of the delay in production, says the report, is that on account of the scarcity of training planes, hundreds of cadets were held at concentration camps abroad for several months "without suitable training."

The report is supplemented by 17,000 pages of testimony taken from 280 witnesses.

No fault is found with the management of aircraft affairs since reorganization of last May, which placed John D. Ryan in charge.

Some Acts Highly Improper.

The general conclusion and recommendations by Mr. Hughes follows: "The evidence discloses conduct which, although of a reprehensible character, cannot be regarded as affording a sufficient basis for charges under existing statutes, but there are certain acts shown not only highly improper in themselves, but of special significance, which should lead to disciplinary measures."

"The evidence with respect to Colonel Edward A. Deeds should be presented to the Secretary of War to the end that Colonel Deeds may be tried by court martial under Articles 95 and 96 of the articles of war for his conduct (1) in acting as confidential adviser of his former business associate, H. E. Talbot, of the Dayton-Wright Airplane Company, and in conveying information to Mr. Talbot in an improper manner, with respect to the transaction of business between that company and the division of the Signal Corps of which Col. Deeds was the head; and (2) in giving the representatives of the committee on public information a false and misleading statement with regard to the progress of aircraft production for the purpose of publication with the authority of the Secretary of War.

Proprieties Held Violated.

"The absence of proper appreciation of the obvious propriety of transactions by Government officers and agents with firms or corporations in which they are interested compels the conclusion that public policy demands that the statutory provisions bearing upon this conduct should be strictly enforced.

"It is therefore recommended that the officers found to have had transactions on behalf of the government with corporations in the pecuniary profits of which they had an interest should be prosecuted under Section 41 of the criminal code.

"The Federal Trade Commission should be requested to report on the proper cost of mahogany for airplane propellers, to the end that the coming in of the report the question of the propriety of further action with respect to transactions of the mahogany manufacturers and importers' association may be determined.

Re-Audits Should be Watched.

"It is recommended that the representatives of the Department of Justice should keep in touch with the progress of the re-audit of accounts so that it may be advised of the complete enforcement of the rights of the government in final settlement of accounts and that the Government has been fully protected against unnecessary loss through waste and the absence of suitable factory supervision.

"Permit me also to suggest that a special division, or subdivision, of the present bureau of investigation in the Department of Justice should be assigned to the consideration of suggested delinquencies in connection with aircraft production so that the work already done may be appropriately followed.

"In particular it is recommended that the activities in relation to spruce production, which, being largely centered on the Pacific Coast it was impractical to embrace in the present inquiry, should be carefully scrutinized.

"Taking up the question of faulty organization of the Signal Corps soon after the declaration of war,

Mr. Hughes declared Major General George O. Squire "had neither training or experience for such a large industrial enterprise."

Deeds Testimony Quoted.

Referring to Colonel Deeds Mr. Hughes recited Colonel Deeds' own testimony that he was stockholder and officer in a number of Dayton, O. concerns which either directly or indirectly were concerned in the airplane activities of that city.

He was an organizer but not a stockholder in the Dayton Wright Airplane Company, and it was to H. E. Talbot, an officer in this company, the report says, that Colonel Deeds sent information on a ruling of the judge advocate-general relating to the appraisal of contracts, after he had been appointed to the army.

Other confidential communications to Talbot and other business associates in Dayton are quoted but these had been sent while Deeds was acting in advisory capacity to officers in charge of contracts.

For communication with Talbot, after he became an officer, the officer should be court-martialed, it was recommended. Mr. Hughes also disputed parts of Colonel Deeds' assertions in a letter to the aircraft production board that on being commissioned he had severed his official connections with and transferred his stock in these concerns. The United Motors Company, of New York; the Dayton Engineering Laboratories Company; Dayton Metal Products Company, and the Domestic Building Company of Dayton.

He transferred stock in the United Motor Corporation Company to his wife, it was said, and book accounts showing the time of the transfer of other stock in some cases, says the report, were dated back to August 28 when Deeds was appointed a colonel although not actually made until later.

Criminal Charges Waived.

Since it is not proved, however, that Colonel Deeds transacted any business with those firms before he transferred his stock, no criminal charges are made against him.

Colonel Sidney D. Weidon, assistant to Colonel Deeds when he was chief of the equipment division of the Signal Corps, was shown, the report says, to have been a stockholder in the Packard Company, but it does not appear that he took part in any proceedings involving Government dealings with the company.

Colonel Robert L. Montgomery also held stock in companies holding contracts for manufacture of airplanes or parts, but he did not deal with them in his capacity as an officer.

Lieutenant-Colonel Vincent, for whom criminal prosecution is recommended, was shown, the report says, to have authorized payment of sums to the Packard company while he was stockholder.

Lieutenant-Colonel George W. Aixer, stockholder in the Curtiss Aeroplane and Motor Corporation, it is charged, had charge of inspectors in that company's plant.

Major Howard C. Marmon, a Signal Corps officer, also is cited for his connections with the Nordyke and Marmor Company, of Indianapolis, which held a contract for Liberty motors, but since he had transferred his stock to his mother, the report holds, there is insufficient ground for a criminal charge against him.

Plane Deliveries 6171.

The report showed that up to last June 30, more than a year after the nation entered the war 6171 finished airplanes had been actually delivered by manufacturers, including 4572 elementary training planes, 1046 advanced training planes and 553 combat and bombing planes. Of the fighting machines, 529 were De Havillands and 24 were of the abandoned Bristol design.

Airplane engines delivered up to that time amounted to 12,633 of which 2399 were Liberty motors for combat and bombing planes, 7662 were for elementary training machines and 2579 for advanced training planes.

The original program for Liberty motors alone had called for about 17,000 of these by June.

Turning to the question of profits by contractors for airplanes and motors, Mr. Hughes cited figures showing that manufacturers were enabled to make as much as \$1000 on each Liberty motor, and from \$750 to \$1,500 on each finished plane. Profits in some cases were several hundred percent of the investment, the report said.

Orders on Cost Plus Basis.

Mr. Hughes explained that the principal orders were placed on the basis of cost-plus, a fixed, not a percentage profit, and a bonus of 25 percent of any economies under an estimated cost, or "bogy."

"The bogy costs," said Mr. Hughes "were in all cases placed so high that the contractor had every reason to expect that the actual cost would be much less and that through its share in this saving, the contractor would be able to derive an increased profit from economical management.

"It is apparent, however, that with a large fixed profit guaranteed, the incentive to economy is not so strong as when the entire venture is at the contractor's risk."

Manufacturers' Profit Given.

The fixed profit per plane varied with different concerns.

The Dayton-Wright Company with contracts for 4000 De Havilland planes to be completed before next

March, the report said, should make profits of \$6,100,000, and \$250,000 additional under minor contracts.

This company was authorized shortly after the declaration of war with paid in capital of \$1,000,000. The Government financed the plant to the extent of \$1,405,000, represented by loans.

The Ford Motor Company, with contracts for 5000 Liberty motors, which it expects to complete by the end of January, should make a profit of \$5,375,000, Mr. Hughes declared.

Its fixed profit, the report said, is more than \$600 an engine, which it can produce at less than \$3,200, with the addition of more than \$400 per engine as the plant's share of the "bogy." This bogy is set at \$5000 for the Ford plant. The company's investment is said to be not more than \$11,800,000.

Three Million in Sight.

"The Fisher Body Corporation, with contracts for 4000 DeHavilland machines, should make profits of \$3,100,000, with \$400,000 additional on other orders," said the report.

"The company's investment on plant engaged in airplane production is calculated at \$850,000. It has been loaned \$2,000,000 by the Government.

The Packard Company's profits on 6000 Liberty motors to be completed by next January will probably be \$6,450,000, earned in 17 months, said the report. Other profits in minor orders may raise this to \$8000,000 it was said. The investment represented is calculated at \$11,808,000.

The Lincoln Motor Company's profits on 6,000 motors is calculated at \$6,450,000 with additional profits on other contracts of \$1,500,000, according to the report. Investment is reported at \$150,000, of which \$3,460,000 represents items on which the government pays 40 per cent depreciation. Paid in capital is \$850,000.

Details of Outlay Given.

"Of the \$691,000,000 originally appropriated for aircraft production disbursements reported down to June 30, 1918, including advances for building of plants, and outlays of the sales department, similar expenditures, amounted to \$430,000,000 and \$276,000,000 of the appropriation remained unexpended at the end of the year.

"Of the \$155,000,000 spent for airplanes and engines, \$25,000,000 was for overseas manufacture, \$21,000,000 in advances to contractors and \$1,697,000 for experimental and development work. This left only \$106,000,000 spent for production in the United States. Of the latter amount \$57,000,000 was paid under fixed price contracts and \$49,000,000 under cost-plus contract."

Official estimates place at \$24,000,000 the loss to the Government on account of the condemnation of two types of planes, the Bristol fighting machine and the S. J-1 training plane, including about \$65,000,000 on the Bristol and \$17,500,000 on the S. J-1.


The Right to Grumble.

A prominent restaurant manager is quoted as saying that if any patron complains of his method of enforcing the new food conservation orders he will take the offender's name and address and "send it to the government."

This is a cheerful prospect. Must people who patronize restaurants assume a meek and lowly mien at their meals or run the risk of becoming suspects? If treason consists in grumbling about restaurant service, New York must be an enemy alien city at heart. What becomes under these conditions of the inherent Anglo-Saxon right to find fault? The American people have put up with patriotic good will with an unprecedented amount of regulating in the public interest, but they are hardly ready for personal regulations at the hands of restaurant keepers.

This, of course, is taking a foolish remark in mock seriousness. But have not the restaurant proprietors all along taken their part in food conservation with a one-sided seriousness? It is the patron who does the economizing, who finds his portion smaller and the "garnishes" cut off but the bill and the tip unchanged. He patriotically endures and pays, and since the proprietors get the credit, can they not allow him a little rebate in the way of an occasional "kick"? That at least would be a more agreeable role than to go heresy-hunting among other guests.—New York World.

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NANCY WAS ARMED

Demure Little Goat There With the Hatpin.

As a Result a Very Surprised and Disconsolate Dog "Stood Not Upon the Order of His Going" but Fleed Hastily.

My Nancy is as trim and charming a little goat as you ever wish to see. She wears a fawn-colored coat with cream trimmings, has confiding ways, and yet a gentle dignity, withal, which should protect her. Since she dedicated herself to tending the yearling colts in the barnyard she has seen little of the outside world. Indeed she is one of the least sophisticated of her kind.

I had a right to be alarmed when a dissolute vagabond of a dog leaped over the fence and began harrying the colts; much more was I troubled when Nancy arose from a sleeta in the hay loft and lightly dropped from the hay door to the ground. For that degenerate collic fastened upon her a lustful eye; the twitch of his nostril boded ill from the start. And yet he should have misdoibated a creature of such gymnastic ability, however much she smelled like a simple sheep.

He boldly approached her; she tried to discourage his attentions and set a good example to the colts by maintaining a cold and unseeing gaze. He came the closer. Now she stepped away, stiffly, very much on her dignity. He followed up. She stood still, obtrusively turning her back to his attentions. This disconcerted him; he had planned to catch her by the throat. Cautiously he edged over to the side; she let him come. He gathered himself to leap upon her. Then as he arose, she flashed about; he landed with his diaphragm poised on her slender horns.

A fatal injury was not within her power, but it was not needed. He sprawled to earth with an anguished yelp, lit running, and cleared the gate at his second leap. That was no gay deceiver, no masterful betrayer, self-confident of his allure, that fleeting form which spurted gravel behind each eager stride.

Nancy watched it go. There seemed almost an expression of regret in her amber eyes; she twiddled an impatient tail, then, primmer than ever, went to finish her nap. But a diversion had been welcome in the virtuous monotony of her days—and the good old hatpin trick worked again.—John Breck in Detroit Free Press.

Insisted Neighbor Was "Devil."

She was a motherly old soul who wore glasses and she insisted, vehemently, that "that woman next door was a regular devil."

And when the police court complaint clerk asked her to explain further she said: "She's a spiritualist. She sits up all night putting evil thoughts into my head. She won't let me sleep."

It was a declaration that made the woman next the motherly old soul at the counter open one eye wide in amazement. That woman couldn't open both eyes, for her husband had blacked and closed one.

The complaint clerk tried to soothe the motherly old woman, but she kept on insisting that her neighbor sat up nights transferring evil thought from bedroom to bedroom. She wanted something done, she said, for, as she insisted over and over, "No decent person can do that."

The clerk had to humor her and it was a long time before he finally got rid of her.—Detroit Free Press.

Trouble on Parnassus.

The Poetry Society of America appears to be stumped. Its constitution fails to provide for the dropping of a member except for non-payment of dues. There is no provision giving power to expel writers of free verse—or even bad verse. And now the executive committee wishes to erase from the society's roster the name of one who has, in his day, written good poetry, but who, it is alleged, has not been so patriotic as the executive committee thinks he should have been. In such dubious cases it is always wise to turn to "Alice in Wonderland," where the King of Hearts reads out rule 140, "one of our oldest rules," which forbade anybody more than 40 feet high attending in a courtroom. Let it be held that the offending poet is physically—not prosodically—too short or too long.—New York Post.

Where He Got the Other.

A Boer who fought with the British forces in the East African campaign was recently operated on for extraction of a bullet. Shortly afterward an English surgeon remarked to him: "By the by, we took two bullets out of you. Did you know there were two?" "Oh, yes," replied the Boer; "one I got from the Germans and the other from you beggars at Colenso."—Manchester Guardian.

When He Got Practice.

Flatbush—They say our neighbor who has gone to the war is wonderful in jumping over wire-entanglements and other obstructions.

Bensonhurst—Well, he ought to be expert at it. You know, his wife used to do housecleaning stunts four times a year.

Her Short Suit His Long One. Mrs. Styles—Isn't her dress a poem? Mr. Styles—Yes, dear, and it has a characteristic that I enjoy in poems. "What is that, pray?" "It's short."

Unusual Times

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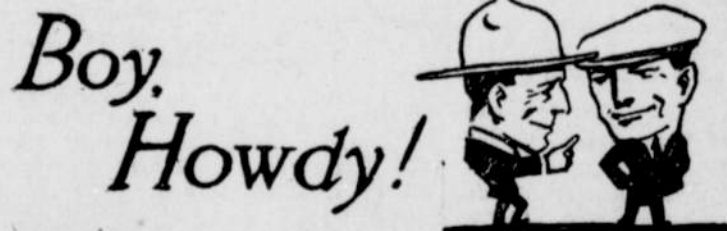
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