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## GERMANY WILL IMPOSE INDEMNITIES IF THEY WIN

### Secretary of Imperial Treasury So Declared In Speech To Reichstag Today—Berlin Predicts That Brest-Litovsk, Russian Base of Operation, Will Soon Fall—London Believes Great Naval Battle Has Been Fought In Gulf

Berlin, via wireless to Sayville, L. I., Aug. 21.—Germany will impose heavy indemnities against her enemies if victorious in the war, Secretary of the Treasury Hefferich declared in a speech in the Reichstag today. He estimated that the war is costing the belligerents a total of \$75,000,000 daily.

#### Turkey and Italy at Odds.

Rome, Aug. 21.—Intense excitement prevailed in Rome today as a result of the strained relations with Turkey. It was generally believed war with Turkey is imminent. A reply from Constantinople to Italy's ultimatum demanding that Italian reservists be permitted to leave Turkey, is expected at any time.

#### Bulgaria Is Preparing.

Paris, Aug. 21.—Bulgaria has concentrated 150,000 troops on the Turkish frontier, according to Naples papers today. The report is not confirmed by agency dispatches.

#### Capture Another City.

Berlin, via wireless to London, Aug. 21.—General Von Gallwitz forces have captured the city of Bielsk, it was announced from the war office today. The capture of Bielsk cuts the Russian communications between the fortress of Grodno and Brest-Litovsk. Bielsk is about 50 miles north of Brest-Litovsk and approximately midway between that fortress and Grodno. It is along the line of the Warsaw-Vilna-Petrograd railway and at the junction point of this line and the railroad to Brest-Litovsk.

#### Think Great Naval Battle Fought.

London, Aug. 21.—One of the greatest naval battles of the war may have been fought yesterday in the Gulf of Riga.

As the admiralty offices here details were being anxiously awaited today, as it is evident from official statements from Petrograd that the German Baltic squadron has made a determined effort to overwhelm the Russians guarding the Gulf of Riga and do to the support of the Teutonic land forces attacking the port of that name.

#### Strong Forces of the German Fleet Penetrated the Gulf of Riga and Fighting with our ships continued.

For two weeks the Germans have been endeavoring to force an entrance to the gulf. During the past few days they have been reconnoitering and have drawn the Russians into minor engagements.

#### Other reports from Petrograd indicate that the German fleet is composed of about 10 dreadnaughts and battle cruisers, a number of armored cruisers and numerous torpedo boats.

The early efforts of the Germans were directed toward clearing the mine fields guarding the Gulf of Riga. Petrograd reported one or two of the enemy ships damaged by mines and one unconfirmed report from Stockholm declared a cruiser had been sunk a week ago.

#### The Petrograd statement of today would appear to indicate that the fleet had penetrated the mine fields.

Whether the full strength of the Russian fleet is against the Germans is not known. The whereabouts of the Russian dreadnaughts, Imperator Pavel, Slav and Tsesarvitch has not been disclosed since the opening of the war. All of these vessels carry batteries of 12-inch guns.

#### Dispatches from Copenhagen declare the Germans have been successful in destroying the entire Russian Baltic fleet, thus making possible the landing of troops at Riga or on the coast of Finland.

#### Zepplin Brought Down.

Petrograd, Aug. 21.—Russian anti-aircraft guns shot down a Zepplin, heavily laden with bombs and headed for Vilna, it was announced here today. The crew was captured.

#### This is the first instance in which a Zepplin has been brought down and the crew captured since the opening of the war. The British destroyed a Zepplin over Belgium, but it came down behind the German lines.

#### Capture German Trench.

Paris, Aug. 21.—Capture of a German trench in the Argonne near Saint Hubert and repulse of attacks at other points was reported by the war office today.

## GERMANS WAITING FOR ENGLISH NOTE BEFORE REPLYING

### Declare If United States Is Firm With England Answer Will Be Made

(By Lowell Mellet.)  
(United Press Staff Correspondent.)  
New York, Aug. 21.—Don't expect any official answer to the allegations now being printed. There will not be any for there is nothing to answer.

So declared today one of the purported chief conspirators of the alleged German conspiracy which a New York newspaper asserts has been organized against the neutrality of the United States. A persistent effort was made by the United Press today to obtain an expression from the man branded as conspirator, on the strength of their private correspondence as revealed in the World expose, but they apparently have no statement to make.

"Only one thing can keep that story alive," said the German quoted above, "and that would be a reply by Ambassador Von Bernstorff or Dr. Albert, or the chancellor himself. They would answer it because it contains nothing that requires an answer, and they know that to make a statement now would only be to prolong the attack. It will fall of its own weight or blow away by reason of its lack of weight in another day or two."

Seeing Count Von Bernstorff at the Ritz Carlton seemed to confirm this German's view. He refused to discuss the conspiracy charges—would only smile and shake his head when the subject was suggested.

However, whether or not his authority in the matter is the same, the views of the alleged fellow conspirator certainly embody the same philosophy and are of interest.

"There won't be any denial of the correctness of the copies of correspondence printed," he said. "The letters were stolen, and they speak for themselves. But what do they show? They show that we've been doing only the same things that are being done in this country for the benefit of the other countries engaged in the war. We've overstepped the bounds and all the correspondence that may be stolen will fall to prove the contrary. Certainly we've wanted to win American public opinion, hopeless as the task might seem, with all the news from Europe filtering through England.

"Suppose it was proved that he had bought supplies? And had it used them but kept them in this country? Just what offense would that constitute? If it is argued that this is inconsistent with our objections to the exporting of munitions, the answer is that Germany is earnest in her objections and gladly would forego the privilege of obtaining such supplies here—if any have been obtained.

"We are aware of what is legitimate and what is not and we have not gone beyond what is proper."

Germans generally declare they see no reason to believe that the present uproar is likely to interfere with the progress of diplomatic negotiations between Germany and the United States. In the latter regard they are chiefly interested, they say, in the forthcoming note from the United States to England because of its probable bearing on the German answer to the last Lusitania note.

The American note to Great Britain, said a man close to the inner German diplomatic circle today, means more than that—it means, he said, a decision in Germany as to whether the American note shall or shall not be answered.

"The situation is such in Germany," he declared, "that Germany cannot make reply to the United States unless it be shown to the German people that this country intends to demand emphatically that England respect the rights of neutrals. Such an attitude understood by the German people—and it is so understood now by any means—would make possible a conclusion of the Lusitania incident."

"Unless the last American note to Germany can be answered, under such circumstances, I do not believe it will be answered at all. No good can come of further exchange of acrimonious notes."

"I do believe that the preparation of the German reply will not be taken up until the note to England has been sent. If England gets the sort of note we think is due her, I am confident that President Wilson's hope of mediating between England and Germany to the good purpose of freeing the seas of unfair domination and unfair warfare will begin to be realized.

## SUNKEN LINER NOT CONVOYED IT IS DECLARED

### Circumstances Attending Attack Not Yet Given to Public

#### STEAMER OFFICIALS ASSERT TWO ARE MISSING

#### Five Other Passenger Steamers Now Passing Through War Zone

London, Aug. 21.—The liner Arabie was not being convoyed when she was torpedoed and sunk by a submarine, a statement published by the Press Bureau and said to be authorized by the admiralty, said today.

London, Aug. 21.—While the circumstances surrounding the attack upon the White Star liner Arabie were still shrouded in mystery, details of the torpedoing and sinking of the big ship with the loss of two American lives were promised today as soon as Captain Finch makes his official report.

Officials said it might be necessary to withhold certain facts for the present, but that this was being done only because of the desire to prevent certain information from reaching the enemy.

Consul Frost at Queenstown finally confirmed the United Press dispatches of yesterday when he reported that Mrs. Josephine Bruguiere, of San Francisco and New York, and Dr. Edmund Woods of Janesville, Wis., were the only American passengers of the Arabie who are missing.

From the White Star line offices another statement was issued at 10 o'clock today repeating that only two Americans are missing and giving a new account of the passengers and members of the crew not accounted for. In this statement it was declared 12 passengers in addition to Mrs. Bruguiere and Dr. Wood are unaccounted for. Forty members of the crew are missing, making the possible death toll as a result of the destruction of the Arabie 54.

No dispatches have yet been received from Queenstown or Liverpool that would indicate whether precautions were taken to guard against an attack upon the Arabie. It is not definitely known whether the big liner was convoyed from port, but it is generally believed no patrol vessel was in the immediate vicinity of the Arabie when she was sent to the bottom.

The first survivors from the liner arrived today from Queenstown. Arrangements have been made by Ambassador Page to obtain affidavits from all American survivors, and it will be upon the statements of these men and women, together with the official report of Captain Finch, that the ambassador will base his official dispatch to President Wilson.

#### Liners in War Zone.

New York, Aug. 21.—Five passenger-carrying liners en route to European ports from the United States are believed to be approaching or passing through the submarine war zone about England today.

These vessels include the Red Star liner Lapland, with more than 300 persons aboard. In addition it is considered certain that many liners en route to American ports are in the region of the war zone, and in view of the great activity displayed by submarines during the last few days considerable uncertainty was felt in shipping circles here.

The Lapland is expected to dock at Liverpool today. The White Star liner Baltic sailed from New York Wednesday. She is still some distance west of the war zone today, but will come within the zone of the submarine operations early next week.

The Scandinavia-American liner Frederick VIII, en route to Copenhagen; the American liner St. Paul, and the Norwegian-American liner Kristianfjord are believed to be near the submarine zone, if not in the midst of it.

Shipping circles were thrown into a fever of anxiety and excitement yesterday by the sinking of a dozen ships within two days. Reports and rumors of additional disasters flew thick and fast and the stock market strongly reflected the sinking of the Arabie.

## NAVAL ENGAGEMENT

### Three Small Russian Warships and a German Torpedo Boat Have Been Sunk in the Gulf of Riga, an Official Statement Announcing the Engagement in the Baltic Waters Announced This Evening

The Russian boats destroyed were the gubrats Sitch and Korsets and a torpedo boat.

One German torpedo boat was said to have been driven ashore and a third was damaged but was convoyed to port by other vessels.

Portland, Or., Aug. 21.—Such an act, if committed, is in direct violation of the regulations of the United States army and a teeth of the policy of the administration. This was the declaration today of Senator George E. Chamberlain, chairman of the senate committee on military affairs, following the receipt of a communication from George Shepherd, a prominent attorney of Portland, charging that two United States army officers, in field uniform, whose names he had been told were Captain Waldron and Lieutenant Gardner of the 93rd Coast artillery, stationed at Fort Stevens, had drunk to the toast "Deutschland über Alles," (Germany over all) and "Germany forever" with former subjects of the Kaiser in the Imperial grill at Astoria last evening.

Senator Chamberlain stated that Shepherd's letter witnessed by E. W. Wright, manager of the port of Portland commission, would be at once forwarded to the secretary of war.

In his statement Shepherd relates that the two officers sat at a table in company with Dr. Werner and Dr. Hartman, of Astoria, and Max Pudlich, a visiting fish buyer. The toasts were proposed, it was said, and Shepherd stated that they were drunk heartily with noise and much consumption of beer.

W. P. LaRoche, city attorney of Portland, and Captain Jacob Speier, harbor master of Portland, were witnesses to the act, but were unable to sign the letter as witnesses as they did not distinctly hear the words.

The Portland men and other witnesses who heard the toast were indignant. A toast to any foreign nation, engaged in war, by an officer wearing the uniform of the United States was declared improper, and Shepherd in his statement to Senator Chamberlain said it seemed doubly wrong in view of the president's recent note to the people of this country urging the strictest neutrality.

"How can our people be expected to maintain an attitude of neutrality if the officers of the United States army, wearing the uniform of the United States drink toasts of this kind in public places?" he asked.

The Portland business and professional men who were in the Imperial grill at the time the toasts were said to have been drunk, had accompanied the officers and harbors congressional committee on its visit to the mouth of the Columbia river.

The same course the Arabie was following when she was torpedoed and sunk. Leaving Liverpool, the flag pole at the mouth of the Mersey showed the black ball signal that submarines were in the vicinity of the vessel. The Arabie sailed at 2 p. m. on August 17 and had 180 passengers aboard. With the sighting of the black ball, life boats were swung out, ready for immediate launching, provisions were placed in the boats and every passenger was assigned a place. A close watch was kept during the entire time the Arabie was in the war zone, but no submarines were sighted.

#### Find Woman's Body.

New York, Aug. 21.—Mrs. Marion Bruguiere, a daughter-in-law of Mrs. Josephine Bruguiere, who perished when the liner Arabie was torpedoed and sunk, today received a cablegram saying her body had been found. The body of Mrs. Bruguiere's maid was also recovered.

#### Los Angeles Times:

In the news of the great war we have to depend largely upon a keen sense of rumor.

## THE WEATHER

Oregon: Fair tonight and Sunday, cooler north-west portion tonight; westerly winds.



## SITUATION IS GRAVE BUT OFFICIALS HOPE

### National Administration Is Still Awaiting Official Reports Before Taking Next Step—Germany Said To Be Anxious For American Sympathy—Many Contradictions In Statements Made By Survivors So Officials Say

(By Charles P. Stewart.)  
(United Press Staff Correspondent.)  
Washington, Aug. 21.—Threatening as the German-American situation was, officials were still hopeful today that the sinking of the liner Arabie with the consequent loss of two American lives would not lead to a break with the Kaiser's government.

Although unofficial reports now indicate that the Arabie was torpedoed without warning, explanations from Berlin are expected. The attitude of the administration is not irrevocable, a high authority said today, and while this government will not submit to a slap in the face, there is no contention of disregarding the German foreign office if it has anything to say.

Germany stands warned that violation of American rights by German naval commanders would be regarded by the United States as "deliberately unfriendly," but it is declared the administration will be glad if the Berlin foreign office can show the torpedoing and sinking of the Arabie was not meant to be a disregard of these rights.

If it can be shown that any transgression was not intentional by Germany or that the attack upon the Arabie did not involve reckless indifference to the rights of Americans upon the seas, the administration will not refuse to take these facts into consideration, it was stated.

All this, however, is based on the assumption that Germany manifests the right spirit in whatever representations are made to the United States. It is admitted that he outlook is far from bright. It is regarded as practically certain that the Arabie was not being convoyed when attacked, and this being regarded strictly as an unarmored merchantship. Being en route to New York, the question of carrying contraband is also eliminated.

#### Are Awaiting Reports.

President Wilson and Secretary Lansing are still awaiting official reports from Ambassador Page today before taking any action whatever.

#### Want American Sympathy.

High officials today emphasized the eagerness with which Germany has displayed to gain American sympathy. There were some who believed some explanation would be made of the Arabie attack in view of the fact that if the liner is spending \$2,000,000 weekly in this country for propaganda, as charged, unwarranted torpedoing of the liner would involve a meaningless contradiction of this policy.

Unconfirmed rumors in circulation today were to the effect that such an explanation was already foreshadowed.

## RUEF IS PAROLED BY PRISON BOARD

### Famous San Francisco Boodle Gains Freedom After Four Years

San Quentin, Cal., Aug. 21.—Abe Ruef, noted politician, was paroled from the state's prison here today on condition that he would not return to San Francisco for a period of three months.

Ruef was exiled to Mendocino county during the first three months of liberty.

The order sending Ruef to Mendocino county was in response to a suggestion made by the famous prisoner himself. In his appeal for parole, Ruef said: "In the event that my application for parole shall be granted, I respectfully request that you fix my abiding place for 90 days in some county of the state other than San Francisco, because during that time there will be municipal political campaign in San Francisco in which I desire to take no part directly or indirectly. By my abiding in some I wish to avoid all ground for event representing that I may be interested therein anyway whatever. I would prefer Mendocino county."

Ruef has actually served a little more than four years and six months of a 14-year term to which he was sentenced. Counting time taken off for good behavior, he has served seven years, half of his term, which makes him eligible to parole.

The report of the state board of prison directors granting Ruef's parole was unanimous. Ruef will leave San Quentin prison for Mendocino county Sunday or Monday.

He was convicted and sentenced to 14 years' imprisonment on the specific charge of having agreed to give Supervisor John Eury a bribe of \$4,000 to influence Eury to vote for the granting of an overhead trolley franchise to the United Railways.

Desperate efforts were made by Ruef's attorneys to obtain a new trial. Upon being imprisoned he was first put to work in the jute mill, but was later assigned to the prison library, where he was employed when paroled.

A previous application for parole was made by Ruef, but was rejected because he had not yet served half of his term.

#### THREE LIFE BOATS TOWED IN

Queenstown, Aug. 21.—The patrol ship Adventurer arrived here today with three life boats of the Arabie in tow. One of the boats contained the body of a woman. Her face was slightly bruised. On the right hand was a gold ring. The body has not yet been identified. A second boat contained the body of a man, believed to have been a steward on the Arabie.

The tug Storm Cook brought in four of the Arabie's life boats, but all were empty.

#### American Colony Calm

### When News Is Received

(By Carl W. Ackerman.)  
(United Press Staff Correspondent.)  
Berlin, via The Hague, Aug. 21.—The American colony of Berlin received the news of the sinking of the liner Arabie and the consequent renewal of the strained relations between the United States and Germany calmly, as did the government officials.

The first news of the destruction of the Arabie, saying that all American passengers had been saved, resulted in the greatest rejoicing. Later, when it was established that two Americans had been lost, the feeling here turned to deep concern.

In commenting upon the torpedoing of the liner, the German press merely warned the people to accept all the news reservedly, saying as it does all most entirely from sources of the official.