
5000 CIRCULATION
(25,000 READERS DAILY)
Only Circulation in Salem Guaranteed by the Audit Bureau of Circulations
FULL LEASED WIRE
DISPATCHES
SPECIAL WILLAMETTE VALLEY NEWS SERVICE

The Daily Capital Journal

Weather Report
Oregon: Tonight and Saturday rain west portion, rain or snow east portion, moderate south to east winds.

FORTY-FIRST YEAR-- NO. 300.

SALEM, OREGON, FRIDAY, DECEMBER 20, 1918.

PRICE TWO CENTS

ON TRAINS AND NEWS STANDS-- FIVE CENTS

ALLIES HARMONIOUS WITH UNITED STATES IN PEACE DEALINGS

More German Propaganda Seeks to Cause Discord in America through Statements that Peace Delegates Are out of Harmony--State Department Declares that Only Minor Differences Which Are Bound to Occur Exist.

By Carl D. Groat
(United Press staff correspondent)
Washington, Dec. 20.—The allies and the United States are harmonious in the peace preliminaries, the state department assured today.
This word was given to counteract German propaganda which seeks to split the nations by discord. While the president has done comparatively little in Paris so far, he has been met with extreme cordiality.
It is admitted that certain differences of opinion may develop. But the state department believes that such will be the honest differences which would prevail in any group with varied interests.
The league of nations and freedom of the seas are likely to encounter rough going before the final settlement. But England's laborers were for a league of nations a year or more ago. The French now say that it is imperative. Freedom of the seas will have many interpretations. There probably will be discussions as to British naval strength and as to apportionment of sea strength in the proposed international navy.

JANUARY 19 IS DATE SET FOR MEETING OF NATIONAL ASSEMBLY

Soldatenrat Has Decided On Constitutional Form Of Government.

By Frank J. Taylor
(United Press staff correspondent)
Berlin, Nov. 19.—(Night)—The Arbeiter Soldatenrat (workers' and soldiers' council) decided in favor of a constitutional form of government today by a four fifth majority. It fixed January 19 for the meeting of the national assembly.
Count Bernstorff, it was stated, is likely to become foreign minister, in the event that Count Brockdorff, minister to Denmark, declines the post.
It was reported several days ago that Bernstorff had been suggested for foreign minister. Later it was stated the plan had been abandoned, in view of possible objection by the entente. Taylor's dispatch indicates that Bernstorff's appointment is again being agitated.

Lloyd McKee of Woodburn, a member of the Third company military police in France, was one of the first overseas wounded to arrive at Fort Douglas.

ABE MARTIN



Mrs. Tilford Moots' brother took the first train to Salem today. Mrs. Moots, who has been making air-planes, will organize a trust company after making a tour of the world.

CHRISTMAS SALES EVERYWHERE HAVE BEEN UNEXAMPLED

In Large Cities Christmas Buying Has Swept Holiday Shelves Clean.

Chicago, Dec. 20.—St. Nicholas has upended his purse more gloriously than ever before in Chicago. Department store managers, viewing the ravages of a locust swarm of shoppers which has stripped shelves bare, said it was the biggest business Christmas in their experience.

UNEXPECTED STORM COMES UPON SENATE PROPAGANDA PROBE

Senator Reed Voices Objection to Bringing in N. Y. Call Article.

Washington, Dec. 20.—The expected storm in the senate propaganda investigation broke today when Senator Reed, after vainly protesting against the admission of certain evidence, declared he would "voice his protest on the floor of the senate."

Portland, Or., Dec. 20.—The true yuletide spirit permeates Portland, as evidenced by the greatest holiday business in the history of the city. Because the boys are coming home, the people are happy and they are digging deeply into their pockets in their desire to spread Christmas cheer.

New York, Dec. 20.—New York is experiencing the greatest Christmas buying in its history. The managers of big department stores decline their places are crowded daily to capacity with every department reporting unprecedented sales.

St. Paul, Minn., Dec. 20.—Unprecedented sales of novelty goods and toys were reported by leading merchants of the Twin Cities today. The biggest wholesale toy distributing firm in the northwest is completely sold out, the management declares.

San Francisco, Dec. 20.—Christmas business is heavier this year by 15 per cent than even in 1915, following the exposition, department store men agree today.

Washington, Dec. 20.—Christmas shoppers have swamped Washington stores. Buying records are being smashed. At postoffice substations persons with packages to mail are forced to stand in line for hours.

Philadelphia, Dec. 20.—Increase of from 12 to 20 per cent in the volume of Christmas business over any other year on record was reported by leading department stores today.

Cleveland, O., Dec. 20.—Cleveland stores are serving a record breaking rush of Christmas shoppers.

Des Moines, Ia., Dec. 20.—Des Moines merchants are doing a Christmas business that will exceed \$3,000,000, according to the retail merchants bureau, which canvassed the city today. This is the biggest total in history here.

Baruch And McCormick To Leave Soon For Paris

Washington, Dec. 20.—Answering the summons of President Wilson, Bernard M. Baruch, head of the war industry board, and Vance McCormick, head of the war trade board, will leave soon for Paris.
The state department announced today that they will act as experts in an advisory capacity at the peace conference, Baruch on the subject of raw materials and McCormick on trade agreement matters.
Four airmen were killed at West Point Tuesday when two airplanes collided.

INTERVENTION IN RUSSIA OF ALLIES MAY TAKE PLACE

Would Be Primarily for Safeguarding Funds of Investors.

WOULD FORCE EVENTUAL ALLIANCE WITH GERMANY

Self Government For Russia Is Only Possibility For Reconstruction

By J. W. T. Mason
(Written for the United Press)
New York, Dec. 20.—Influences are being exerted on the allied nations to send a strong army into Russia to overthrow the bolsheviks and establish a more moderate form of government at Petrograd or Moscow.

Intervention in the internal affairs of Russia, would be primarily for the purpose of safeguarding the funds invested in Russian securities. The United States had consistently refused to permit European financiers to collect debts by warships in South America. If a reversal of this policy were made in the case of Russia, it is highly probable the Russians would be driven into an eventual alliance with Germany.

Certain chancellors of Europe have made blunder after blunder in their dealings with Russia. The most absurd of these misjudgments was the conviction they expressed last spring that the only way to win the war was for America to send a vast body of troops into Russia and fight Germany on the eastern front.

Russia cannot be conquered. At great cost, the allies and America might bring about the overthrow of Lenin and Trotsky, but Russia, instead of being crushed, would be filled with a vengeful desire against the western democracies that sooner or later would lead to new conflicts.

Good government is highly desirable for Russia, but self government is better. The Russians cannot be taught by an invading army demanding repayment of debts. Every great nation has to go through the fiery ordeal of self instruction. Russia can emerge from the semi-barbaric state of the late czar's only by fighting her own battles for herself. France had a far worse period than Russia's terror before the French learned the true meaning of democracy. Nations that have passed through the ordeal themselves should be willing to give time for the birth throes of a new democracy.

1919 TO BE BIG YEAR FOR AUTO INDUSTRY

Principal Changes In Higher Priced Cars Will Be Made In Motors.

Detroit, Mich., Dec. 20.—Detroit automobile manufacturers have completed plans to make 1919 the biggest year in the history of the business.

On January 1 automobile plants will be permitted to resume 100 per cent production.

Success of preparations hinges on the supply of steel which at present is coming in as plentifully as manufacturers hoped for, according to executives of the larger plants.

Few new models will be shown at the March automobile show here and these will be only for display purposes. New models will probably not be in the market in volume until next September. It requires about six months to get out a new line of cars after the designs are made, said the manufacturers.

The principal changes contemplated in the higher priced cars will be in the motor. The airplane design is becoming more popular daily.

PORTUGUESE HELD AS POLITICAL PRISONERS SAYS ALFONSO COSTA

Five Thousand Of Citizens Held Secretly And Punished Severely.

Paris, Dec. 20.—Five thousand Portuguese citizens have been held as secret political prisoners for more than a year, Alfonso Costa, former Portuguese premier declared in an interview with the Matin today.

The sufferings of these men, who were whipped and otherwise tortured, were responsible for the assassination of Sidinio Paes, president of Portugal, it was intimated. One of the victims of this modern inquisition was even executed, Costa said.

The prisoners, according to Costa, included former ministers, former presidents of the chamber, senators, deputies, officers, soldiers and sailors.

Sidinio Paes headed a revolution in Portugal in December, 1917, and was named president of the provisional government on December 9. He was formally proclaimed president June 9 of this year.

At the outbreak of the war, Paes was Portuguese minister to Germany and remained in Berlin until early in 1916, when he returned to Lisbon.

Paes was fired at while walking in the streets of Lisbon, December 6. The shot went wild and his assailant was arrested. Eight days later he was again attacked as he sat in a Lisbon railway station waiting for a train to Oporto. He was struck by three bullets and died within a few minutes. His assailant, named Joetac, was lynched by a mob.

CAMP LEWIS TO HAVE REGULAR CHRISTMAS

Tacoma And Red Cross Arranging For Big Celebration And Tree.

Tacoma, Wash., Dec. 20.—The thousands of soldiers remaining at Camp Lewis will have a regular old-fashioned Christmas. Not a man will be overlooked. The camp cooks already are preparing their menus and are staging a culinary contest, turkey having a prominent part. Christmas decorations are going up on all the buildings.

Through the Y. M. C. A., 30,000 boxes of candy have been prepared for distribution, while the Red Cross is sending a Christmas box to every man.

Tacoma, with the assistance of the Red Cross, is arranging for a celebration, with a Christmas tree and all the trimmings, in each of the 49 wards at the base hospital.

A giant fir tree, growing in front of the Y. M. C. A. auditorium has been selected as the Camp Lewis Christmas tree.

ITALIAN LEADERS TALK WITH WILSON

President Wilson Guest Of King Victor Emmanuel This Evening.

Paris, Dec. 20.—Italian leaders went into conference with President Wilson today.
Premier Orlando and Foreign Secretary Sonnino called at the Murat Palace at 11 o'clock and were cloistered there for some time.
Andre Tardieu, commissioner of Franco-American relations, will go to the palace to arrange for the final details for the reception of the foreign diplomatic corps, president of the senate and a committee from that body. The reception will be held at 5:30 this afternoon.
President Wilson will return King Victor Emmanuel's call and will be guest at dinner tonight at the Italian embassy. The president plans to visit London immediately after Christmas.

Investigators Find Ship Yard Builders Mismanged Badly

No Criminal Responsibility is Fixed, But Recommendations Are Made For Examination by Board of Experts into Expenditures of Hog Island Shipyard Builders--Corporation Officials attempt to Justify Positions.

Washington, Dec. 20.—Gross mismanagement and extravagance permeated affairs of the American International corporation in building the great Hog Island shipyards at Philadelphia, according to findings of department of justice investigators made public at the white house today.

While no criminal responsibility is fixed, recommendations were made for examination by a board of experts into the corporation's expenditures. As investigators are G. Carroll Todd and Mark Hyman, assistant attorney general.

The report says officials of the corporation attempted to justify their position by explaining that they were forced to sacrifice economy for speed. They claimed also that, in giving them a second contract the United States shipping board had waived any alleged mismanagement. But, the increase from \$21,000,000, the first estimate of cost of the yards, to \$61,000,000, was not accounted for to the full satisfaction of the investigators, the report says.

Due to miscalculations. "Such discrepancy must be due to some fundamental miscalculation in the original estimates, to supervising conditions, including enlargement of plans to mismanagement in operation, or to a combination of these factors," the report continues. "A discrepancy of this magnitude would seem to call for clear explanation from the corporation, but this has not been furnished."

In ten specific charges, the investigators told the story of how \$61,000,000 was expended in building the shipyard "two to three times as much per shipyard at Hog Island" as for build-

BUSINESS CIRCLES PERPLEXED THOUGH CONFIDENCE IS FIRM

Veteran Financier Discusses Problems Now Facing Nation At Large.

New York, Dec. 14.—A very singular combination of confidence and perplexity prevails in business circles. Confidence is generally strong, partly because war has bred a spirit of courage that animates nearly all men. Difficulties that before the war would have prostrated depression and lower prices are now faced with a determination to overcome all obstacles, which is a very decisive factor in recuperation. Sentiment is usually regarded as an element that does not exist in business; yet it makes a vast difference whether fear or confidence is the ruling spirit, and fortunately the latter dominates opinion, not only in the United States but also in Great Britain, the two leading industrial powers of the world. No long as these two nations possess the ability and the initiative to go ahead, as they unquestionably do, there is no reason to fear that the war will have anything approaching the depressing effects once anticipated. It must be remembered that the world is infinitely more closely related than ever before, and that the resources and recuperative powers of the chief nations were never so easy to marshal as at present. It is quite evident therefore that there will be international co-operation in the work of reconstruction. The production of raw materials and the distribution of the finished products cannot be left to haphazard and speculative designs; but must be guided by temporary government control, with a view of avoiding waste, of concentrating energy, of stimulating efficiency and of restraining inflation or speculation by united economic methods.

Such are some of the reasons on which there is solid basis for confidence. When it comes to perplexities, however, the situation is not so pleasing. Of these, there are legion, the chief being demobilization, reconstruction and labor. As for demobilization, our own country has plunged suddenly into taking down in a few weeks the phenomenal war machines that required about eighteen months to create. Of course a sudden reversal of such titanic energies cannot be accomplished without out loss and depression. A period of hesitancy and declining prices must be inevitably endured, and that period now seem to be entering. Nevertheless, a great deal has been accomplished in this direction. In some cases the government was caught with big supplies on hand, and in other instances manufacturers have fallen into similar difficulties. Those in control at Washington, as a rule, are experienced business men, who appreciate a delicate situation, and are reducing stocks and prices with a view of facilitating a gradual return to natural conditions. War contracts have of course been commonly cancelled; but this was not unexpected, and in most cases the government is showing every possible consideration to munition makers and others who helped win the war. From the nature of the case numerous complaints and losses must be borne by the government and paid out of taxation as a legitimate war expense.

The most acute problem at the moment is that of labor. Wages in common with other values have risen to unheard of levels, owing to the war, and if commodities decline it is self-evident that industry cannot recover its accustomed prosperity unless some workable form of adjustment is developed. Labor very naturally refuses to accept any reduction of wages while the cost of living remains so high. The result is a threatened deadlock between capital and labor, complicated by general social unrest and an epidemic of unemployable demands. The solution of such a tangled problem requires the united action of government and business.

NEWSPAPER WORKERS IN GERMANY STRIKE

Efforts To Compromise With Strikers Who Demand Higher Wages, Fail.

By Frank J. Taylor
(United Press Staff Correspondent)
Berlin, Dec. 18.—(Night)—A strike of newspaper workers forced more than a dozen dailies to suspend publication. Efforts to effect a compromise with the workers who demand an increase in wages, have failed.

Among newspapers which were unable to publish today were the Tagblatt, the Lokal Anzeiger, the Vossische Zeitung and the Morgenpost.