



'Mail' Bought With Part of \$30,000,000 German Fund Evidence Said to Show Bernstorff Planned to Purchase Other Publications

Rumely May Face Graver Charges Silent on Relations With Teuton Envoy, He Says He Will Explain All

(Special Dispatch to The Tribune) WASHINGTON, July 9.—Evidence that the German money spent in acquiring "The New York Evening Mail" was part of a \$30,000,000 fund appropriated by the imperial German government for the purpose of buying control of American newspapers in various parts of the country is said to be in the possession of the Department of Justice.

An elaborate investigation having its origin in the former New York banking connections of the German embassy and extending to all the chief cities of the country is now in progress. Other prosecutions besides that of Dr. Edward A. Rumely are expected to follow the evidence accumulated through this countrywide inquiry.

The amount of the German appropriation for the taking over of American newspapers was disclosed to a Washington newspaper correspondent in 1915 by a man who bore the reputation of being close to Bernstorff. At the time no such evidence was made public, but it is now being made known, however, stated at the time that "The Mail" had been purchased by the German government and came to a price which is within \$2,000 of the figures disclosed by the Department of Justice investigation.

Big Scandal Hinted At In the light of the accuracy of this representation regarding the purchase of "The New York Mail" it is now believed that the statements made by Bernstorff were prepared to spend \$30,000,000 along similar lines was also reliable. It is even thought in some quarters that the German money found its way into the treasuries of publications printed in cities other than New York and that if the Department of Justice sees to the bottom of the affair it will uncover a tremendous scandal of national proportions.

A. Mitchell Palmer, Alien Property Custodian, to-day gave assurances that the German money found its way into the property, or making disposition of it, to be taken by the government. It was the original intention of the Alien Property Custodian, it is said, to operate "The Evening Mail" for the period of the war. This plan, however, was premised on the absence of disclosures which would injure the reputation of Bernstorff.

The Department of Justice action, however, it is said, came prematurely and has embarrassed the Alien Property Custodian's plans. Just what procedure will be followed in taking over the property, or making disposition of it, are in consequence in abeyance. It is probable that before the government prosecution in "The New York Mail" case is finished that others besides Dr. Edward A. Rumely will be involved. It is further intimated that the activities of Rumely on behalf of the German government will be found to extend beyond his connection with the acquisition of "The Mail."

It is expected that the government will attempt to prosecute him on extremely grave charges, and will include in this prosecution any others who may be caught in the nation-wide dragnet now being drawn by the Department of Justice.

Mrs. Hearst and "The Evening Mail"

The failure of Mrs. William Randolph Hearst to proceed against "The Evening Mail" for criminal libel had no connection with the alleged pro-Germanism of its editor, Dr. Rumely, District Attorney Swann declared yesterday. "The Evening Mail" published an article similar to those which formed the basis of Mrs. Hearst's action against the editors of The Tribune and "The Times."

"Mrs. Hearst did not make a complaint against 'The Mail' because Mr. Stoddard, its president, made personal apology to her before she knew of the publication of the account," said Mr. Swann. "As there was no complaint, I did not proceed against 'The Mail.' At that time I had no knowledge of a Federal investigation of 'The Mail' and Dr. Rumely, but I did know that the government's attention had been called to him."

On June 13 "The Mail" printed an account of a row in the canteen managed by the Mayor's Committee of Women for National Defence, of which Mrs. Hearst is chairman.

On June 14 "The Tribune" and "The Times" printed similar stories. Later in the day District Attorney Swann announced that Mrs. Hearst had made complaint against "The Times," "The Mail" and "The Tribune. Her lawyer, Mr. William A. De Ford, filed notice of suit against The Tribune, and announced that similar notices would be served on "The Mail" and "The Times."

On June 15, Mr. Swann met Mrs. Hearst, to get from her assurance that she intended to press the charges against "The Mail," "The Times" and "The Tribune."

On June 17, Mrs. Hearst, through her counsel, filed libel suits for \$100,000 each in the Supreme Court against "The Mail," "The Times" and "The Tribune. Shortly after this the suit against "The Mail" was dropped. On June 19 "The Mail" printed a two-column article, praising the work of Mrs. Hearst and her committee in the highest terms.

New Tax Plan Hits Clothes And Servants Levy Proposed Against Every Luxury to Raise \$250,000,000 More

WASHINGTON, July 9.—The raising of \$250,000,000 additional war revenue each year by placing heavy taxes on luxuries of every variety was proposed to-day by the Treasury Department to the Ways and Means and Senate Finance committees.

Most of those things that make life pleasant, but are not absolutely necessary to existence, are included in the memorandum, which suggests taxes on items ranging from chewing gum to automobiles.

The amount the government hopes to gather from luxuries in this fashion during the first year is more than double the amount collected by France in a similar period. The government of France realized \$120,000,000 the first year that luxuries were taxed.

During the second year the luxury tax is imposed it is expected the government will realize \$400,000,000. Some members of Congress are so heartily in accord with this plan that they will advocate making it permanent.

The Ways and Means Committee considered the suggestions informally to-day. It will take them up more thoroughly when the actual writing of the bill begins. It is probable that a majority of the members will favor the increased taxation. Other articles may be placed on the tentative list, and it is possible the amount of the taxes levied may be changed.

Slate Makers Favor Osborn, Ignore Hearst

Dutchess Lawyer Heads "Committee of 42" List for Governor

Walker Is Second and Jas. W. Gerard Third

"Evening Mail" Scandal Expected to Turn Calumny on Hearst

(Special Dispatch to The Tribune) SYRACUSE, July 9.—William Church Osborn, of Dutchess County and New York City, lawyer, clubman, capitalist and civic worker, is the leading candidate for the Democratic nomination for Governor as a result of the deliberations and manœuvrings of the conference committee of forty-two at the Hotel Onondaga to-day.

After five ballots, with thirty-seven of the forty-two members of the conference committee voting, Mr. Osborn led in the race and there is a strong probability that when the committee of forty-two meets in Saratoga, on the evening of July 22, to get things in shape for the convention on the following day, Mr. Osborn will still be in the lead. What the convention may do after a deluge of oratory is another story.

Close behind him in the race, so far as the voting to-day is an indication of popularity, come Mayor Walker, of Binghamton; James W. Gerard, former Ambassador to Germany; Alfred E. Smith, President of the Board of Aldermen of New York; William H. Edwards, Internal Revenue Collector of New York; Charles B. Alexander, of Tuxedo and New York; and George R. Lunn, former Socialist Mayor of Schenectady and now Representative in Congress.

Hearst Is Ignored William R. Hearst's name was not mentioned in the meeting of the committee of forty-two, but it was discussed openly before the conference met, in a manner painful to Mr. Hearst if he had heard it.

The "lay out," as various of the conferees were pleased to term it last night, following the adjournment of the committee, will be exceedingly interesting reading, both to William R. Hearst and Charles F. Murphy.

The steering committee of seven, which met in April in Syracuse to build a political fence that William R. Hearst could not easily break down, has carried through its original plan. The "lay out" is about as follows: Charles F. Murphy and John H. McGee are recognized as controlling large blocks of votes in the coming state convention. While the contention will be "unofficial," still it will carry the stamp of the party and its action is likely to be decisive. Mr.

President Carlton was examined behind closed doors. It was explained later, in answer to criticism, that Senators and newspaper correspondents were excluded through a misunderstanding. The examination of Mr.

Continued on last page

American Woolen Co. Workers Win Raise Of 50 Per Cent

LAWRENCE, Mass., July 9.—A wage increase of 50 per cent was granted the 1,800 striking weavers of the mills of the American Woolen Company, in an award announced to-night by Henry S. Endicott, of the State Committee of Public Safety, who was asked by Secretary of War Baker to settle the controversy.

The award also abolishes the premium system, which was opposed by the union operatives.

There will be no strikes or lock-outs while the war lasts, and the weavers will return to the looms tomorrow according to agreement.

The weavers struck for an increase of 55 per cent in pay and the abolishment of the premium system of extra payments on a piece work basis.

Wire Seizure Voted, 7-3, in Senate Report

Committee Will Submit House Resolution To-day Without Amendment

WASHINGTON, July 9.—After a three-hour examination of Newcomb Carlton, president of the Western Union Telegraph Company, the Senate Interstate Commerce Committee to-day voted 7 to 3 to report without amendment or further hearings the House resolution authorizing government control during the war of the telegraph, telephone, cable and radio systems.

Chairman Smith plans to report the resolution to the Senate to-morrow, but it is undecided whether to urge immediate consideration and thus replace the \$11,000,000 emergency agricultural appropriation bill, with its war-time prohibition rider. Although expecting a bitter contest, Senate leaders believe a vote can be reached soon and that further hearings will not be ordered, in view of the President's insistence that early action be taken.

After the Senate yesterday rejected the committee report on a point of order that a majority of the committee members and not of those present must vote to report legislation, Chairman Smith to-day mustered all the members of the committee in Washington, ten Senators finally attending the session.

Behind Closed Doors President Carlton was examined behind closed doors. It was explained later, in answer to criticism, that Senators and newspaper correspondents were excluded through a misunderstanding. The examination of Mr.

Continued on page five

Von Kuehlmann Forced Out; Pan-German Picked for Place; French Gain on 2-Mile Front

Ousting of Foreign Secretary Is a Victory for the Militarists

Admiral von Hintze To Take the Post His Accession Means a Triumph for von Tirpitz and Annexation

By George F. Stewart (Copyright, 1918, by The Tribune Association) AMSTERDAM, July 9.—According to news just received from usually well informed channels, Dr. Richard von Kuehlmann, German Foreign Minister, has tendered his resignation, which has been accepted. According to the same source, Admiral von Hintze, German Ambassador at Christiania, will soon be announced as Kuehlmann's successor.

Should this news prove to be correct, the result will be to set a crown upon the machinations of the pan-German element, which for a long time has been working to bring about the fall of Kuehlmann, and to install the direction of foreign affairs completely in the camp of militarists.

It will mean a triumph for the worst type of U-boat campaigners—for Tirpitz and Admiral Schröder and for the Annexationist party so far as the Belgian coast is concerned. Hintze is a personal friend of both arch-pirates.

It is an open secret that Ludendorff is in reality behind the movement which, if the above be true, has brought about Kuehlmann's fall. This will give added significance to the present political tendencies in Germany.

What the effect will be on the majority parties is difficult to foresee, for there is every reason to believe

Continued on page three

Latest Set of German Peace "Terms" Is Put Forth by Georg Bernhard

COPENHAGEN, July 9.—While claiming no official sanction, and even admitting that their realization would encounter strong opposition from the German government and people, Georg Bernhard, political editor of the "Vossische Zeitung," of Berlin, submits the following peace conditions:

France and Italy to discuss with Germany and Austria their future frontiers without the intervention of third parties. Belgium to be restored completely as an independent state. All merchants of the Central Powers who have been deprived of their property overseas to be restored to their former rights of possession.

Great Britain to evacuate unconditionally all parts of the Turkish Empire and Persia. The situation before the war to be restored in Egypt. The Dardanelles, on the basis of a treaty applying to the states bordering the Black Sea, to be free for the passage of Russian ships.

Mobs in Vienna Besiege Trains, Cry for Food

Emaciated and Ragged, Say Americans Who Crossed Empire

PARIS, July 9.—The food shortage in Austria is growing more acute, according to Herbert Mayer, of Chicago, secretary to Charles Vopicka, American Minister to Rumania. Mr. Mayer has just returned from Jassy, by way of Austria and Switzerland.

At Vienna the train on which he travelled stopped in the railroad yard and a crowd of hungry and ragged men and women employed there scrambled aboard and begged for food. All looked emaciated and underfed. When the passengers threw out scraps of food the Austrians made a rush and devoured it ravenously. They declared that the government was giving them only enough food to keep them from actual starvation.

Guarded at Each Station Mr. Mayer and Dr. Breckenridge Baine, of Washington, were the only Americans among the 175 passengers, from Rumania. The others included the Italian and Serbian ministers and Rumanian officers and civilians. The journey from Jassy to Berne occupied four days. No hostility was shown by Austrians or Germans, and there were no demonstrations.

The train was in charge of a German colonel, and the passengers were permitted to leave the cars at various stations, where always an Austrian armed guard was present. No attempt was made to draw the blinds in the passenger cars or curtail the customary privileges of travellers.

Mob Tries to Board Train The Americans were most impressed by the almost complete absence of workers in the fields and on the farms in Austria. At a station between Orsova and Budapest a mob of about a hundred Austrian soldiers and civilians attempted to board the train, and were put off only at the point of a pistol. Some of them were endeavoring to reach home, others were trying to reach points where food was more plentiful.

A German major at one station told the Americans that the Germans were not taking America's entry into the war seriously, because they "knew that not more than 20,000 American soldiers were in France."

"The United States is not sufficiently interested in the war to send over a greater number," he said.

Von Waldow Admits German Food Crisis; Hope Is in Harvest

(Special Dispatch to The Tribune) WASHINGTON, July 9.—An official telegram from Basle concerning the food situation in Germany, received here to-day, says:

"It is reported from Berlin that Secretary of State for Food Supplies von Waldow made in the Reichstag on Saturday a communication about the food situation of the empire in which he particularly stated that the system now in force, in spite of considerable defects, was the only one which could meet the situation.

"The hopes placed on Rumania have failed; importations from Ukraine are insufficient, and these difficulties would still continue for some time, he said. It was hoped that the first supplies of the new harvest would be delivered, but the effect of this would make itself felt only during the course of the next economic year.

"Von Waldow added that the German cattle stock was very low, and he intimated that perhaps it would be necessary to introduce certain intervals of meatless weeks. He said local production will play the decisive role next year in the food supply of the country.

Continued on next page

Two Towns Captured and More Than 500 Prisoners Taken West of Antheuil

Enemy Guns Again In Violent Action

Austrians Forced Further Back in Albania With Aid of British Aviators

Richard von Kuehlmann, German Foreign Secretary, has been forced out of office, presumably by the pan-Germans, as a result of his Reichstag speech, in which he declared that a military decision was impossible. His resignation has been accepted by the Kaiser.

Admiral von Hintze is expected to succeed von Kuehlmann. This appointment would put the Junkers in the political saddle, as Hintze is widely known for his allegiance to the pan-German party. The hand of General von Ludendorff is seen behind Kuehlmann's overthrow.

With fresh evidence of the strength of the militarists in Germany, the Allies are continuing their preparations to meet a new enemy thrust, which observers on the battlefronts say is impending.

At the tip of the German salient, near the scene of the enemy's defeat yesterday drove forward on a two-mile front west of Antheuil, penetrated the German lines, captured the towns of Ferme Porte and Ferme des Loges, advancing three-quarters of a mile at certain points and capturing 530 prisoners.

At Chavigny Farm, on the east edge of Villers-Cotterets Forest in the Champagne, the French again advanced slightly on the scene of Monday's success, and took a score more prisoners. German counterattacks in this region failed. The War office in Paris stated.

The German guns have renewed their activity along the whole West front, becoming especially violent in the region of the Australian advances on both sides of the Somme in Picardy, around Chavigny Farm, and at the scene of the recent Franco-American gains northwest of Château Thierry.

In Albania the French and Italians, aided by British aviators and naval monitors, have hurled the enemy back further on the Albanian mountain front, capturing the town of Fieri, several important mountain heights, and increasing their prisoner toll to 1,300.

French, With Aid Of Tanks, Advance Nearly a Mile

LONDON, July 9.—The French struck another local blow on the West front to-day, driving into the enemy's lines at the scene of his failure in the fourth great drive north of Compiègne. The French infantry, aided by a fleet of tanks, pushed forward on a two-mile front, reaching a depth of three-quarters of a mile at some points and capturing the hamlets of Ferme Porte and Ferme des Loges, west of Antheuil, in the operation. They took 530 prisoners, the War Office in Paris announced to-night.

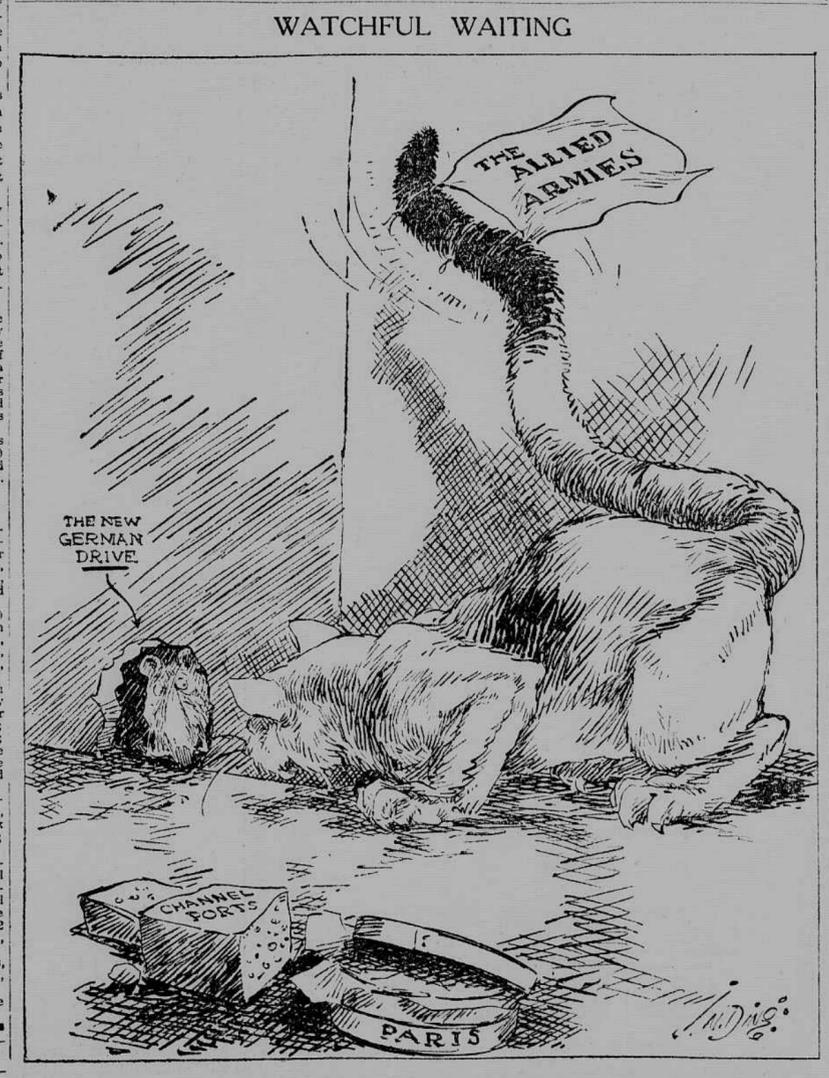
A German counter attack on Ferme des Loges was repulsed by the defending forces, the French everywhere holding their gains.

On the west wing of the great Champagne salient the French made a slight new gain near Longpont, the scene of their victory on Monday, and took a few prisoners. After a heavy artillery preparation the Germans made a counter thrust against the new French positions in an attempt to retrieve their losses, but were thrown back, the French War Office stated.

West of Château Thierry, especially in the region of Hill 204, and on the British front on the Somme, the enemy's guns have renewed their hammering of the Allied lines.

Seven German Planes Destroyed Aerial operations on the battlefront are described in the War Office communication issued to-night as follows: "In spite of low clouds in the morning of July 8, and thunderstorms later in the day, our airplanes accomplished a good deal of photographic, observation and reconnaissance work during the intervals of fine weather. The

Continued on page four



YOUR LIBERTY BOND

Continued on page five