

Hoover Wants U. S. To Receive Share Of Big War Profits

Drastic Legislation Is Only Profiteering Cure, He Declares

Would Aid Producer

Food Administrator Gives Views on Revenue Bill to Senator Simmons

WASHINGTON, July 10.—In a letter to Senator Simmons, chairman of the Committee on Finance of the Senate, in response to a request for his views in connection with the excess profits features of the new war revenue legislation now under consideration, Herbert C. Hoover, Food Administrator, declares that he is convinced that a large percentage of excess profits should be appropriated to the public treasury through taxation.

"His letter follows: "Because of the considerable emotion often introduced into tax discussions, it seems worth while to distinguish between the moral and economic phases. On the moral side the nation is endeavoring to draw a distinction between a profit commensurate with the effort or capital employed and stimulative to enterprise and production, and the profit that is abnormally large due to war conditions. The latter, I take it, is what is meant by profiteering. Too often they are confused in discussion.

"Extra profits out of war are hurtful. That any man takes a profit in greater measure because the goods he produces are needed for war or because of the scarcity of the goods is abhorrent to all decent people, and rightly so, when the youth of the nation are being called upon to sacrifice all that they have. I do not think it will be denied that our whole production and distribution system is based on earning of profits, and that it is a primary thing to say that the distribution system has got to proceed on this basis, and that, therefore, normal profits are not immoral.

"The government is, through many departments, endeavoring to reduce profiteering through regulation and trade agreements, and with a great measure of success. There are, however, certain economic necessities which must dominate war regulation of industry, and which, in themselves, cannot entirely eliminate profiteering, and which, in my view, can be accomplished only if reinforced by taxation on war profits.

"In the face of shortage—and we are short of most commodities to-day—the maximum production of that commodity is positively essential. There is, however, a point in profits or price where the increase in production is not commensurate, and restraint is needed. The price should be kept where the people of the more limited means can no longer buy. This is conservation for the rich and not for the poor. On the other hand, neither the cost nor the profits in any two units of production will be the same, and while the high cost producers may be limited to low margins, the low cost producer under these conditions will make profitable profits. While I am convinced that regulation of the types in practice by many executive departments are fundamentally essential to prevent runaway markets and vicious speculation, I can see no remedy for the intermediate situations below such regulations, except a graduated excess profits tax that will restore that excess of profits made from public necessity back to the public.

"It is my belief from an intimate contact with many industries that such a course of enforced taxation will be patriotically supported by them. A good case in point is sugar. If sugar were unrestricted by agreement, the price would, in the face of this world shortage, go to 20 cents a pound, as it has in countries where no restraint exists. As the American people consume eight billion pounds, such a rise in price would cost the consumers \$800,000,000. The great majority of producers, manufacturers and the public agree that restraint is essential, considering the costs of production we find that a certain level is necessary to protect the high cost producers. Yet at the present time the owners of the best factories will be earning profits of from 40 to 100 per cent upon their investment. This minority creates the impression of profiteering. Their profits are inordinate.

"While the public can receive its major protection through the measures taken, the correction of this minority profiteering can be remedied only by stronger taxation of war profits.

"There is an additional phase of the limitations of profits by regulation where such restriction needs coordination with taxation. If regulation of profits or price is placed at so low a level as to restrain the profits of the low cost producer, the high cost producers will not only cut off the low cost producers and increase the shortage, but sometimes gives to the low cost producer the entire field and means the crowding out of many high cost producers. In many instances it means bigger businesses will survive and the smaller businesses will be extinguished.

administration of regulatory measures or the formulation of trade agreements affecting the production and prices of the public and to the government, all officials are under great pressure to keep margins at a very low ebb. The tendency is to be too narrow in the negotiations under production. Furthermore, in an effort to prevent profiteering and secure the best terms these arrangements are elaborated to cover all sorts of conditions and economic reactions from this paternalism are often bad. If there were a strong excess profits tax on war profits all these measures could be correlated by more liberal hand and a real reduction of government interference.

"As to the food trades generally, I am convinced that the unreasonable profits, since regulations as to reasonable margins on various commodity operations were established, have greatly diminished. A scientifically worked out code shows the margin between the prices received by the producer and those received by wholesalers for the prepared foods, a reduction of approximately 30 per cent during the past year.

"It is always possible that either certain favorably situated and managed concerns will make undue profits or that unscrupulous men will violate regulations or agreements. The latter can and will be reached in the food trades when a sufficient period to permit of action based on just procedure has been covered. The abnormal profits out of war conditions of the favorably situated producer can only be reached by taxation, unless, by regulation, we take the risk of curtailing production and the demoralization of the economic conditions of the country. Furthermore, if such increased taxation were imposed, it would enable regulation to be carried out with a more liberal hand and less friction.

"In summary, my view is that broad regulatory restraints now in force are essential in commodity handling in the face of shortages. I am equally convinced that a large percentage of extra normal profits earned out of war conditions, whether by more favorably situated members of regulated trades or otherwise, should be appropriated to the public treasury through taxation."

Tale of Atrocities Denied by Pershing

WASHINGTON, July 10.—Statements concerning German cruelties attributed by a St. Louis newspaper to an unnamed sergeant of the American expeditionary forces sent to the United States to assist in the Third Liberty Loan, are denied by General Pershing in a cablegram made public to-night by the War Department. General Pershing recommended that if the sergeant had been quoted correctly he be returned immediately to France for active duty.

The statements attributed to the sergeant were quoted in General Pershing's cablegram as follows: "The Germans give poisoned candy to the children to eat and hand grenades for them to play with. They show glue to the children's dying writings and laugh aloud when the grenades explode. I saw one American boy, about seventeen years old, who had been captured by the Germans, come back to our trenches. He had cotton in and about his ears, and asked some one what the cotton was for. "The Germans cut off his ears and put them back in and they want to fight men, was the answer. They feed Americans tuberculosis germs."

Is Thrilled by U. S. Spirit

Jorge Mitre, editor and part owner of "La Nacion," leading newspaper of Buenos Ayres, who arrived in New York City yesterday from South America on his first visit to the United States, was thrilled by the patriotic spirit here. He said he is greatly impressed with the enormity of the United States' participation in the war and asserted that he believes the war will not end until this country has reached its full efficiency.

Town With Quota of \$5,200 Buys Only \$26 War Stamps

HERMANN, Mo., July 10.—The State Council of National Defense to-day was requested to investigate conditions at Potsdam, Mo., by F. W. Eggers, chairman of War Savings of Gasconade County, for failing to hold a war savings meeting on June 28, in accordance with President Wilson's proclamation. The town's population of 260 persons is almost exclusively of German extraction, Eggers said. On July 1 Potsdam reported the sale of \$100 in war stamps and \$10 in thrift stamps. The town's quota is \$5,200.

British and Canadians Here May Enlist in Own Armies

In a notice received yesterday by local draft boards from Provost Marshal Crowder, instructions are given not to prepare to induct Canadians or Englishmen into the United States military service, as provided in the recent covenant of the governments until further orders are issued. Major C. Broome-White, commanding the British-Canadian Expeditionary Mission at 220 West Forty-second Street, declared this was being done to afford British subjects in this country an opportunity of enlisting with their native fighting forces.

Wire Seizure Bill Expected to Pass Before Week Ends

Sentiment in Favor of the Measure Is Increasing in the Senate

Debate Begins To-day

Proposed Dry Legislation Likely To Be Sidetracked for Emergency

WASHINGTON, July 10.—With formal presentation to the Senate to-day of the Interstate Commerce Committee's favorable report on the House resolution empowering the President to operate telegraph, telephone, cable and radio systems during the war, sentiment for the Administration measure apparently increased and leaders predicted that it would be passed before the end of the week.

Chairman Smith of the Interstate Commerce Committee announced to-day that the resolution would be called up for consideration to-morrow and that if prolonged debate appeared probable, an effort would be made to hasten a vote by displacing the prohibition bill.

Managers of the latter measure, it was said, are willing to have the wire control legislation regarded as an emergency measure and given the right of way. Most Administration leaders, however, believe that debate on the wire control resolution will be much shorter than at first anticipated. Adoption of the measure was regarded as certain by the Administration managers, while some of the principal opponents privately admit little possibility of its defeat.

Chairman Smith endeavored to expedite the resolution to-day by asking unanimous consent of the Senate for its consideration, but Senator Penrose, of Pennsylvania, objected and the resolution was sent to the calendar subject to being called up to-morrow. Opponents of the legislation, mostly Republicans, are prepared for a vigorous attack on the grounds that the war necessity of the measure has not been demonstrated and that sufficient investigation was defeated by a majority of the committee.

New York Wins First Marine Merit Card

Some of the marine yells like those which startled the Germans out of their positions at the Chateau Thierry on the Marne rattled the windows of the United States Marine Corps recruiting station, 24 East Twenty-third Street, yesterday. The recruiting detail, under Lieutenant Gardner, was dedicating to a conspicuous place on a conspicuous wall, a formal certificate received in the morning mail from Washington.

"Harmless" Grenade Bursts; 19 Killed

A grenade dropped while it was being juggled by a soldier, who believed it to be harmless, caused forty-five casualties in Company B, 40th Infantry, shortly after the capture of France, according to letters received yesterday by families of some of the wounded men in Brooklyn. The accident occurred June 3, and Lieutenant Gardner yesterday, "The U boat sinkings and the wonder work of the marines on the Marne made our office daily readers of every red-blooded New Yorker who wanted to get into the thickest of the fight in the shortest time. The 1,000 were sent to Paris Island, the marine training camp, during June."

American Ship Aground

MONTEVIDEO, Uruguay, July 10.—Part of the crew of the American three-masted schooner Adelia T. Carlton, which went aground Saturday near La Paloma, was landed to-day by a government tug. The captain of the tug reported that there were no deaths among the crew, but that several men had been left on the island of Flores III from exposure in open lifeboats and the winter seas.

300 Women Wanted For War Thrift Drive

A call for 300 women volunteer W. S. S. workers, to maintain the thrift drive during the summer, was issued yesterday by Mrs. F. C. Slade, head of the Women's Bureau of the War Savings Committee. Mrs. Slade declared that she returns from the recent drive requiring 300 country clerks, while the lure of the country has left many of the booths without a working crew.

street corners are now in operation, with results which justify the immediate establishment of many more, she said.

Socialists Can Aid Dry Vote

Anti-Saloon Head Says Party Has Withdrawn Its Antagonism

Germany Started War in Quest of Pillage, Says T. R. Denounces Upholders of Prussianized Country of the Hohenzollerns

KANSAS CITY, July 10.—Theodore Roosevelt, writing under the title "Repeal the Charter of the German-American Alliance," in an article to be published by "The Kansas City Star" to-morrow, will say: "The United States Senate has struck an effective blow against the Hun within our gates by unanimously voting repeal of the charter of the German-American Alliance. It is earnestly to be hoped that the House will at once follow suit with the like unanimity. The alliance has been thoroughly mischievous in its activities. It has acted in the interest of Germany and against the interest of America. It has tried to perpetuate Germanism as a separate nationality with a separate language in the United States. It has attacked our Allies; it has encouraged disloyalty; it was decorated by the Kaiser for its services to Germany; it has endeavored to prostitute our policies to German needs."

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The certificate, signed by Colonel A. S. McLenore, in charge of all the Marine recruiting in this country, attested to the following: "Having won the certificate of merit in one calendar month, I take great pleasure in forwarding to the recruiting district of New York, with the thanks and sincere appreciation of the Major General Commandant, the Certificate of Merit."

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Gives Uncle Sam \$5 Day As Independence Day Gift

WASHINGTON, July 10.—A way to give the United States a war-time gift, presented without violating the law against acceptance of gratuities by the government has been found by William Romaine, of San Francisco. He included an unused, but cancelled \$5 postage stamp a Fourth of July note to Postmaster General Burleson, wishing Uncle Sam many happy returns.

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Anti-Saloon Head Says Party Has Withdrawn Its Antagonism

Socialist legislators have given freedom to vote on the question of prohibition without any check from the Socialist party executive committee, a statement issued last night by William H. Anderson, state superintendent of the Anti-Saloon League of New York, declared.

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Yiddish Black Hand Railroaded Man To Prison, Wife Says

Woman Appeals to Court to Save Man Long in Power of Alleged Blackmailers

After watching her husband submit for seven years to systematic blackmail, only to be arrested finally and convicted on what she declares was a trumped up charge of pocketpicking, Mrs. Samuel Rudofsky, of 414 Georgia Avenue, Brooklyn, went before the New York County grand jury yesterday to put the law on the trail of the "Yiddish Black Hand."

One of the alleged blackmailers, she stated in an affidavit submitted to the district attorney, told her that her husband was innocent, and collected \$1,150 to exercise influence with the prosecutor to obtain his release. Rudofsky is still in jail awaiting sentence on the pocketpicking charge, and his wife's money was returned to her, when in defiance of threats to have her own and her husband's throats cut, she made complaint to Judge Mulqueen of General Sessions.

The records in the case show that Samuel Rudofsky was arrested on the charge of having picked the pocket of a passenger on the Lenox Avenue subway train, June 16. The arrest followed the receipt by the police of an anonymous letter accusing the restaurateur. The supposed victim of the robbery identified Rudofsky and he was convicted in General Sessions.

Mrs. Rudofsky said that her husband's subjection to the gang began seven years ago when he was a restaurant keeper at Kingston Street. A "friend" gained his confidence, obtained some information which he afterward used to force Rudofsky to make frequent payments ranging from \$50 up.

To escape the blackmailers, she said, her husband was forced to move many times during the last seven years, but each time he was located. Once he was stabbed, and the pseudo-friend, supposed leader of the blackmailers, once informed her that if her husband tried to run away or that if she sought to prevent the collection of money she need not be surprised if her husband's throat and her own were cut.

The man's excuse for such conduct, according to Mrs. Rudofsky, was that "in free America men made money any way they could." And she went before the grand jury yesterday to find out if that were true.

12 Billion Army Bill Signed

WASHINGTON, July 10.—President Wilson to-day signed the \$12,000,000,000 army appropriation bill, to meet expenses of the army programme for the next fiscal year.

THE LORD SALISBURY Turkish Cigarette is inevitable Because it is the only high-grade Turkish cigarette that everybody can afford. Because it is the only Turkish cigarette to the world that sells for as little money as 15 cents for 15 cigarettes. The Reason for the low price is that LORD SALISBURY is packed in the most inexpensive and the most attractive machine-made paper package, instead of an expensive hand-made cardboard box. So that, because of Quality, Quantity and Economy Lord Salisbury is bound to be inevitable. Guaranteed by The American Tobacco Co. INCORPORATED