defence system printed by the Paris *Matin* to-day.

The first line in the rear of the Hindenburg position, according to the newspaper, starts from the south of Lille and parallels the Hindenburg line at an average of from three to six miles. The second comprises a line running from Lille to Metz, the intermediary points on which the newspaper does not indicate. This line would be about 180 miles in length.

Fourth Line of Retreat.

Finally, the newspaper adds, there is a fourth retreat line, on which the Germans are now vigorously working. It runs from Valenciennes, 20 miles west of Douai, in a southeasterly direction to Givet, on the Meuse at the Belgian border. The front thus indicated extends for about 60 miles.

The Associated Press correspondent with the French army in France, writing yesterday, says French troops forced the crossing of the Crozat Canal, overcoming strong opposition and occupying important positions in the triangle formed by the two branches of the canal and the road from La Fere to St. Quentin.

They also advanced north of the Oise, taking the Liez fort and north of the Oise capturing Etreviller and Roupy. Though these were operations of detail they tightened the lines around both St. Quentin and La Fere, greatly facilitating future operations against both towns.

Gen. Humbert's forces now command the entire region west of the river and the canal from La Fere north beyond a single track railroad that crosses the river at Mesieres. They command all of the approaches to St. Quentin from the north, west and south and are within three miles of the town.

The occupation of Fort Liez gives the French command not only of the entire country around La Fere but of the valley of the Oise to a considerable distance northward, the valley of the Serre eastward and the railroad line leading to the Laon citadel, which is visible from the height.

Ordered to Fight to Last Man.

Gen. Mangin's army south of the Oise took Servais, closing in on La Fere from the south, while it improved its position north of Laffaux. Both the Third and Tenth French armies are now practically on the line where the pursuit of the Germans stopped in the spring of 1917.

German prisoners say that orders recently issued are to fight to the last man to hold the present positions. There are indications, however, that the Germans have less confidence than last year in the inviolability of this line. They made great sacrifices to hold other positions in front of it without avail, and the burning of La Fere betrays the fear that the line is not entirely safe there.

The Hindenburg line, however, comprises a wide system of defences, having a total depth in some places of nearly ten miles, and the fall of its pillars does not mean a breach in the position. The St. Gobain forest, supposed to be the strongest part of the line, is now tightly pressed from the north by the occupation of Servais, from the west by the capture of Barisis, while the French in front of Fresnes are crowding it from the south end.

OFFICIAL REPORTS OF THE BATTLES

LONDON, Sept. 10.—The official statements of to-day on the fighting on the western front follow:

FRENCH (NIGHT)—Further progress has been made by us between the Somme and the Oise, despite strong enemy resistance. We have passed Hinacourt and repulsed a counter attack from Essigny.

North of the Aisne we repulsed several counter attacks in the Laffaux region.

FRENCH (DAY)—To the east of the Crozat Canal French troops have captured Gibercourt and have made progress in the direction of Hinacourt and Essigny-le-Grand.

South of the Ailette River we repulsed two enemy counter attacks in the region of Nauteuil-la-Fosse.

Enemy raids in the Argonne and in the Vosges were checked and the raiders driven back.

BRITISH (NIGHT)—Except for local fighting in the Epehy and Gouzeaucourt sectors, in which we secured prisoners, there is nothing of special interest to report from the battle front south of the Scarpe.

On the Lys front our patrols have made slight progress northeast of Neuve Chapelle and west of Armentieres.

Stormy weather continues.

BRITISH (DAY)—Yesterday evening the enemy launched a second counter attack against the positions gained by us during the morning west of Gouzeaucourt. He was completely repulsed. Our line has been advanced during the night south of Havrincourt.

Progress was made by us northeast of Neuve Chapelle and west and north of Armentieres.

GERMAN (NIGHT)—Renewed British attacks south of the Peronne-Cambrai road and French partial attacks on both sides of the Ham-St.Quentin road have been repulsed.

There have been local engagements on the Ailette.

GERMAN (DAY)—During partial attacks made by the enemy north of Merckem and northeast of Ypres minor trench sections remained in his hands.

On both sides of the Peronne-Cambrai road the English continued their attack. The main thrust was directed against Gouzeaucourt and Epehy. The enemy was repulsed.

Fresh enemy attacks delivered in the evening from Havrincourt Wood and south of the Peronne-Cambrai road also failed.

There was partial fighting in Heinon Wood and on the Ham-St. Quentin road.

Our advanced troops, which were withdrawn Sunday night from the Crozat Canal, were in touch yesterday with weak enemy reconnoitring detachments west of the Essigny-Vendeuil line.

There were partial fights south of the River Oise.

North of the Ailette River there was artillery activity.

Between the Ailette and the Aisne the artillery fighting increased toward the afternoon to great strength. Violent and repeated enemy attacks lasting until evening broke down. Brandenburg Grenadiers especially distinguished themselves in defence.

Between the Aisne and the Vesle rivers we repulsed French advances. There was successful enterprises of our own to the east of Rheims, to the south of Parroy and on the Doller.

BELGIAN—Our troops on Sunday enlarged their successes obtained on August 28 on both sides of the Steenstraete-Dixmude road on a front of about 2,000 meters, and penetrated the first enemy lines to a depth of one kilometer, which we maintained.

To the southwest of St. Julien our detachments penetrated by a surprise attack into the first position of the enemy on a front of 3,500 meters to an average depth of from 500 to 600 meters, which were consolidated.

These new successes bring into our hands very advantageous positions.

Canadian Express Workers Strike.

MONTREAL, Sept. 10.—The Canadian Brotherhood of Railroad Employees called a strike to-day of its members employed by the Dominion Express Company in Canada, demanding recognition of the brotherhood. It was asserted 1,000 men walked out.

BRITISH AIR FEATS CLINCHED VICTORY

Observers "Cork" Bullet Holes in Gasolene Tanks With Their Fingers.

ENEMY WINGS DEFECTIVE

Many Collapse, Showing How Hard Germans Are Put for Good Material.

By the Associated Press.

WITH THE BRITISH ARMIES IN FRANCE, Sept. 10.—Amazing feats by British airmen during the recent fighting may now be mentioned. After driving down in flames one of two enemy two seaters a British scout had engine failure, which compelled him to spin down.

As the machine touched the ground a German fired his pistol at the pilot from fifteen yards, puncturing the gasolene tank. At that moment the engine picked up sufficiently to carry the pilot to the rear of the British lines, where he was forced to come down again. Being under a heavy fire he removed the gunlocks and sights and all his instruments before abandoning his machine, which could not be saved.

A pilot and observer returning in their machine from a bombing raid fell behind their formation because of engine trouble and were attacked by Fokkers. The elevator controls were immediately shot away and the observer was badly wounded. He continued to fight and shot down one Fokker in flames and saw another crash out of control.

Observer Had Ten Wounds.

By this time all the gasolene tanks had been shot through and the engine hit in several places. All the instruments on the dashboard were smashed by enemy bullets. Both rear guns were jammed, and the observer was bleeding badly. The pilot succeeded in getting his machine into a dive, and went through a cloud and reached the British lines. The gallant observer was found to have been wounded ten times during the fight.

Attacked by a squadron of enemy airplanes, a lone British scout spun downward, but on the way saw that only one of the enemy was following him, so he came suddenly out of the spin just above a grove of trees and caught the enemy machine crossing in front of him and shot it to the earth, where it burst into flames.

There are many stories, too, of how British airmen swooped back and forth over the German batteries, playing their guns on the enemy until these guns were completely silenced. One report winds up by saying that a scout machine crossed a battery position several times later, but was not fired upon, all the gunners apparently having been killed.

Such tactics as these aided materially in making the recent British victories possible. One British scout sailed over an enemy sausage, made a dive and finished off two German sentry planes, then fired on the sausage, which was being hauled down, and finally wound up the performance by dropping two bombs squarely on the winch used in raising and lowering the balloon.

"Corking" Bullet Holes.

There were many instances where the observer crawled out on the wings and "corked" bullet holese in the gas tanks with either his fingers, a handkerchief or a glove. One machine had its starboard top and bottom planes broken by anti-aircraft fire. The observer leaned over the side of the fuselage, holding a machine gun in his hands, and thus maintained the balance and enabled the airplane to land safely, although all the controls except the elevator were useless.

Another machine had its gas tank punctured by a bullet and the pilot was wounded in the leg. The fuselage burst into flames, but the observer kept the fire under control from a great altitude with a small extinguisher until the machine was brought to earth, where it blazed up, the observer rescuing the wounded pilot just in time to save his life.

There is an increasing number of cases in which British pilots have attacked enemy night bombers caught in searchlight beams. In every case reported the enemy has been shot down. During one fight well inside the German lines the pilot was wounded badly, but the observer from the rear seat leaned over and with his right hand helped to bring the machine safely back, while with his left he fired occasional bursts from his machine gun at the pursuing enemy planes.

Many times the wings of German planes have broken off in the air during a fight, indicating the faulty material which the Germans are now forced to use in the construction of their machines.

NEW PLEA FOR GERMAN LOAN.

Public Asked to Strain Resources to Help "Defensive War."

Special Cable Despatch to THE SUN from the London Times Service.

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AMSTERDAM, Sept. 10.—The preliminary press campaign for the ninth German war loan has begun under rather depressing circumstances, as Germany hitherto has always endeavored to launch her loans on the crest of military successes. This time what capital is possible is being made out of the ratification of the supplementary Brest-Litovsk treaties.

As it is impossible now to speak of victories, prospective subscribers are being appealed to on the ground that it is the duty of every citizen to strain his resources to the utmost to finance Germany's "defensive war."

15 KILLED, 40 HURT IN 2 TRAIN WRECKS

Fatal Accidents in Vermont and Nebraska.

BRATTLEBORO, Vt., Sept. 10.—Three men were killed and twenty-two persons injured when an extra freight train ran into the rear of a passenger train on the Boston and Maine Railroad at Dummerston to-day. The dead are: Frederick S. Platt, clerk of the Federal Court at Rutland; W. J. Conant, Bellows Falls, and Richard King, Boston.

All of those killed were in the smoker, the rear car of the passenger train. The injured were brought to a hospital here, where it was said it was believed all where it is believed all will recover.

The smoker was demolished and the two cars ahead were telescoped half their length. The train held to the tracks. Had it been derailed it would have gone into the Connecticut River.

ALLIANCE, Neb., Sept. 10.—Twelve persons were killed and eighteen injured when Burlington train No. 43, west bound, was wrecked seven miles west of here this afternoon. The passenger ran head on into a work train, telescoping the first two cars of the passenger train. All of the dead and injured were in the second coach.

BOLSTERING UP THE NERVES OF GERMANY

Continued from First Page.

and await the devastating effects of the submarine war.

"The danger of our being starved out is removed now for another year in consequence of a fairly good harvest. The situation indeed is much more secure than it was in the autumn of 1917.

"Raw materials questions indeed are urgent, but so far as one can see they will not in any case have a decisive effect upon the war. So the great question at the moment is whether our morale on the front and in Germany will remain such that both in the field and at home the necessary war work will continue to be done with the necessary cheerfulness and devotion.

"If that is so even a pessimist can see no possible reason to think that our enemies might yet reach their goal."

Baemeister omits to observe that one of the main causes for pessimism in Germany is the definite military failure this year of the Germans after a definite military success had been promised—which is apart from the question whether Germany can succeed in her defence.

He gives an interesting account of the bad feeling that is spreading in Germany because of the food situation, saying:

"One must admit that things are not easy for the German people in their fight for the maintenance of the necessary morale. England's economic war has produced conditions in Germany which are difficult to bear, which can hardly be borne at all in a state of depression. Conditions gladly suffered in the enthusiasm of a great idea are felt, without such enthusiasm, to be an intolerable burden.

Calls Profiteers "Scum."

"The economic organization of the German Empire has not been able to create the belief in a national necessity. It has made mistake after mistake and its conduct has simply attracted the hatred of large parts of the population. The feelings of the masses are dominated by anger with the food administration; thus the organization has produced an effect exactly opposite to what it was hoped to achieve by a so-called system of just tribution."

The second German trouble is America. Baemeister denounces the German press for painting in dark colors the consequences of American intervention, instead of declaring every day that nobody can win victory who does not believe in victory. Thirdly, the German people are disgusted with the profiteers.

"The war has shown us," Baemeister writes, "many troubling things. One can well understand the disgust of many German soldiers when they see what scum the German people contains—the people whose present and future they have to defend with the sacrifice of their best years, even their lives."

Fourthly, German morale is suffering because the German Government fails to meet the enemy arguments, especially the argument that the German people are being sacrificed by its rulers and the Junker military caste.

"Always," he continues, "we hear the same enticing refrain, 'Separate yourselves from your rulers so you can have the peace for which you yearn.' Meanwhile on our side there is nothing but the cry that 'We are fighting for our existence and must hold out.'

"This doubtless is true, but gradually it has become a mere phrase which no longer really penetrates our consciousness. Is it any wonder that the simple man says to himself, 'Will the English and French really slaughter the whole German people if they get into the country? Whose existence is really at stake? Will they kill me and my family and destroy my farm and my house? Or is it perhaps only the existence of the rich and ruling classes that is at stake?

"'Are we not perhaps giving our lives only for the captialism which now especially is enjoying such wild orgies? Is it not a war only of the ruling classes?'"

Baemeister says these views find a lively echo in the country, and he adds:

"The simple man asks himself why the great ones do not come to a sensible understanding. Unscrupulous agitators tell him that these great ones care little for the lives of small people. So in the and everybody who insists on the impossibility of the understanding is regarded as a cold hearted war agitator."

Baemeister wants the whole German people to be taught that defeat would mean slavery and that none will be spared—not even those "whose blood mixture enables them to think and feel in French or English instead of in German."

ONLY 16 DIVISIONS UNUSED BY ENEMY

Washington Learns of Great Inroads on Man Power.

WASHINGTON, Sept. 10.—New evidence of the shortage of man power in the German army has reached Washington from an authoritative source, it was learned to-day, showing that seven army divisions on the western front had been disbanded entirely for lack of men.

There are now only 195 German divisions on the entire front, according to these reports, and of these there are only sixteen that have not been engaged in heavy fighting of the present year. In at least eight divisions the battalion formation has been reduced to three companies from four, which means a reduction of one-fourth in the fighting strength of these divisions. The report adds that the trench strength of the German army is now entirely inadequate.

These reports throw light upon the underlying reasons for the great German withdrawal and complete abandonment of the drive which was started last March

PERSHING AWARDS WAR CROSSES TO 22

Acts of Heroism in France Bring More Citations.

WASHINGTON, Sept. 10.—Distinguished service crosses have been awarded by Gen. Pershing to twenty-two additional men of the army for acts of heroism and gallantry while fighting in France. The citations were received to-day at the War Department as a section of the official communique for Tuesday.

The men decorated and their addresses are: Capt. Claude A. Martin, Lafayette, La.

Lieuts. James J. Sheeran, Chicago; Albert P. Pastor, St. Louis Park, Minn.; Charles L. Barrow, Austin, Tex.; Allen A. Tukey, Des Moines, and Tracy B. Stains, El Paso.

Sergeants—Gerald P. Landry, no record of address; James Lavas, 306 East Fifty-sixth street, New York; Charles H. Tartar, Tarter, Ky.; James Carbary, San Diego, Cal.; Corporal Leroy E. Morningster, St. Petersburg, Fla.

Privates—Harold B. Crawford, Cleveland; William Jaconson, infantry, no record of address; Edwin L. Beard, Redfield, S. D.; Charles L. Cameron, Somerville, Mass.; Luzius Luzi, infantry, Switzerland; Dan W. Sullivan, no record of address; Joseph Demay, Italy; James L. Clarke, Seaman, Ohio; Saddler Lewis D. McLawson, Winterville, N. C.; Cook Patrick McKenna, 1021 Lemis street, St. Paul, Minn.; Mechanic Cecil M. Murray, 206 West Seventh street, Cincinnati.

BRITISH FIGHTING THROUGH DEEP MUD

German Resistance Is Helped by Heavy Rains.

By the Associated Press.

WITH THE BRITISH ARMY IN FRANCE, Sept. 10.—Although the resistance from enemy rear guards has increased all along the line, especially in the centre areas, where a much greater volume of machine gun and artillery fire is being encountered, the British troops have made further progress. Rain has fallen incessantly, the battlefield in many places is now covered with soft mud and the shell craters are filled with ooze, which makes rapid progress difficult.

Generally the armies are still paused, and what forward movements have been carried out have been more in the nature of line straightening and for the suppression of active German positions.

Epehy Wood has been the scene of hard fighting. The British attacked it to-day, but details are lacking.

From several reliable sources it is learned that the enemy is evacuating the civilians from numerous villages and towns in his rear and is exhibiting his customary methods while doing it. The civilians, in most cases old men, women and children, are being forced from their homes with only a handful of their possessions. Their property is either being confiscated by the German authorities or being carried off by the troops.

Further confirmation of the mutinous spirit in sections of the German army has been received. Prisoners who were in the immediate vicinity of an engagement August 22 say that an infantry regiment of a Bavarian division suddenly threw down its arms. They retired, declaring that they absolutely refused to fight for Prussia any longer.

The most important news from the north to-day is direct corroboration of the fact that the Germans are working with all haste in the preparation of their rear lines east of the River Lys, and that they are being reenforced with concrete machine gun nests in considerable numbers.

GERMAN LIBERALS IN PEACE MOVE

Continued from First Page.

other peoples, who can manage them quite as well themselves.

"Our adversaries need only provide an opportunity in a calm exchange of views—some sort of direct informative discussion is thinkable which would be far from being peace negotiations—of discussing and weighing everything which to-day separates the belligerent parties and no further fighting will perhaps be needed to bring them closer together.

"But I would not delude you with baseless prospects of peace at a moment when the war fever still is shaking the world. I must, however, talk to you of peace because we all honestly want it and because we are certain there is an ever growing number of like minded persons in all enemy countries.

"We desire to contribute to the best of our ability to a mutual understanding and help to pave a way for conciliation. But so long as necessary we shall hold out in a loyal and resolute joint defence.

"I am certain that this war must cost this tormented earth a terrible amount of bloodshed and an immeasurable destruction of precious possessions before the end can be reached by the military overthrow of the enemy, if indeed this at all is possible.

"We are oppressed by the same cares, but we are not downhearted. You can convince yourself here that we, just as in Germany, with head erect and without fear or arrogance, are waging a defensive war, rejecting all responsibility for the prolongation thereof, which was criminally and quite uselessly forced upon us by the enemy."

Prince von Wedel, the German Ambassador to Austria-Hungary, expressed the hope that a trustful and harmonious collaboration of diplomacy and the press would succeed in promoting and reinforcing the brilliantly proved friendship between Austria-Hungary and Germany.

KAROLYI FOR WILSON PEACE.

Head of Hungarian Independents Warns Against Imperialism.

BASEL, Sept. 10.—President Wilson's programme as a basis for the negotiations for peace is indorsed by Count Michael Karolyi, president of the Hungarian Independent party. A despatch from Budapest quoting from an open letter written by Count Karolyi to his electors, to whom he recommends an early peace, says:

"A decisive military victory, despite its successes, is a dream for which it is useless to pursue. We should not become slaves to the idea of a middle Europe, either military, economically or politically, and should not strengthen our alliance with Germany, which would form the first step toward the realization of this central Europe.

"We ought to accept as a basis for negotiations President Wilson's programme."

RED ARMY A FAILURE.

Japanese Commissioner Reports on Trotsky's Mobilization Scheme.

Special Cable Despatch to THE SUN from the London Times Service.

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STOCKHOLM, Sept. 10.—The principal member of the Japanese military mission, who has arrived here from Russia, says when the mission left Moscow and Petrograd the scheme of War Minister Trotsky for mobilization of the Russian army on the whole had been a failure, but volunteers were joining with considerable thanks, owing to the attraction of regular pay, adequate clothing and plentiful rations.

Opposition to the Bolshevik regime is spreading rapidly all over the country, but what it lacks is a rallying point for unifying and centralizing that element. Nearly all the Russians with the exception of the Bolsheviki, who were manifestly running it, wished their country brought out of its chaotic state, but the unity of effort necessary for the concentration of organization hitherto has been lacking.

MORGAN & CO. TOLD FEE IS TOO HIGH

Williams Accepts Challenge and Explains Default of $15,000,000 C. & W. I. Note.

ADVICE GIVEN TO FIRM

Railroad Financial Director Tells of Offer of Renewal at 9 3-4 Per Cent. Interest.

Special Despatch to THE SUN.

WASHINGTON, Sept. 10.—John Skelton Williams, director of the Division of Finance of the Railroad Administration, accepted to-night the challenge of Morgan & Co. in a statement made public this morning, in which it was said the railroad administration had failed to make public the full correspondence relating to the default of the Chicago and Western Indiana Railroad on its $15,000,000 note issue.

Mr. Williams declares that the correspondence omitted was left out for the sake of brevity as it did not "in any way affect the merits of the discussion or the correctness of the conclusions." He makes public the unpublished communications and concludes:

"It is clear from the entire correspondence that the only offer from Messrs. Morgan & Co., prior to the publication of the correspondence called for a 2¾ per cent. commission to the bankers and their associates, which, with other interest charges made a total of 9¾ per cent., on a loan which the bankers claimed provided a margin of security of about 100 per cent.—and with the Federal guarantee as to payment of interest during Government control.

Calls It Unjustifiable.

"This the Railroad Administration and the borrowing company considered under the circumstances wholly unjustifiable, and well calculated to disturb and advance the interest rates for money which it is particularly important at this time to keep within moderate limits."

The telegrams made public are all last minute communications. In the first of them sent August 30, Mr. Williams called the attention of Morgan & Co. to assurance of Government guarantee of interest charges, declaring "Under these conditions, if we assume that your assurance as to the real value of the property behind these obligations is even approximately correct, and with the substituted guarantee of the United States for rentals previously charged to the railroad corporation, a default in this note issue would seem to be wholly unjustifiable in view of the responsibility and resources of its sponsors."

10 Per Cent. Called Excessive.

The telegram concludes: "I trust I may be pardoned for bringing forcibly to your attention these considerations which it is believed should urge you to prompt and effective action. May I further suggest that the interest rate of approximately 10 per cent. per annum, including bankers commission, at which you suggest you may be able to effect the renewal of this note issue for one year, impresses the Director-General as being very excessive, especially after we take into consideration that you and your associates have at this time and have had continuously on deposit many millions of dollars of railroad funds upon which it is understood you allow either no interest, or only 2 or 3 per cent. per annum."

Three other telegrams were included, showing that the Railroad Administration and Morgan & Co. were far from agreement.

10,000 ARMY OFFICERS SEIZED BY BOLSHEVIKI

Held for Almost a Week With Little Food.

By the Associated Press.

STOCKHOLM, Sept. 9 (delayed).—Despatches received from Russia announcing that the neutral Ministers have protested against the wholesale shooting of political prisoners and threatening to expel the Bolsheviki from neutral countries if the political executions continue caused no surprise to travellers recently returned from Russia, who were in Moscow and Petrograd when the wild taking of hostages began.

Ten thousand officers of the old army who were ordered to register in Moscow were held prisoner for almost a week, with little food. Cholera broke out among them, because of the crowded and unsanitary conditions of their quarters.

Leon Trotzky, the Bolshevist secretary of war, wired General Alexieff, Commander-in-Chief of the Anti-Bolshevist forces that an officer would be shot for every Bolshevik killed by the Czechs or white Guard. Alexieff is reported to have replied that if officers were shot he would not stop reprisals until every Jew in Russia was quartered.

Finally a majority of the officers, half of them from Moscow, were released, but hundreds of officers are missing and are reported to have been shot. Many thousands of Moscow officers refused to answer the call to register and made their escape to the various anti-Bolshevist fronts.

In Petrograd the officers summoned for registration generally were taken to Kronstadt, where thousands are still held prisoners.

16 MINERS FALL TO DEATH.

Cable Breaks and Cage Drops in British Columbia.

NANAIMO, B. C., Sept. 10.—Sixteen miners employed by the Western Fuel Company were instantly killed shortly after 1 o'clock this morning when the steel cable attached to the cage in which they were being lowered into Protection Island shaft broke.

LEGALITY OF WAR TAX BILL ATTACKED

Attorney for Investment Bankers Assails Kitchin Revenue Measure.

ALTERNATE PLAN FAULTY

Longworth Denounces Virtual Plundering of Wealth and Ban on Brewing.

Special Despatch to THE SUN.

WASHINGTON, Sept. 10.—The drumfire of criticism directed against the more objectionable features of the Kitchin revenue bill lost none of its intensity in the House to-day. While this was going on the Senate Finance Committee was informed by legal talent that there is grave doubt of the constitutionality of some sections of the bill.

Robert R. Reed, counsel for the Investment Bankers Association, pointed out to the Finance Committee two glaring defects in the big money measure.

"The first," he said, "is the alternate excess profits and war profits tax plan. There is no sense in that at all. The tax should be a purely war profits tax, with a very elastic provision giving the Treasury Department authority to impose the proper taxes on the few corporations which would escape the war profits tax altogether."

Alternate Plan Attacked.

Senator Thomas (Colorado), a Democrat, interrupted here.

"I don't believe the alternate profits tax plan is legal," he said. "If two plans can be put in the bill, why isn't it quite as possible to have six or thirty plans for business to struggle with?"

Senator Smoot (Utah) at this point repeated his views on the war profits tax, declaring emphatically that the bill should contain a straight war profits tax instead of the complicated alternate system with its inequities and difficulties of administration.

"The second great objection to the bill," Mr. Reed resumed, "is that the taxation of State and municipal bonds—that is the income derived from them—is unconstitutional. There is very little doubt of that. States cannot impose a tax on the income from bonds issued by the Federal Government, and the Federal Government cannot tax State and municipal securities. That is one of the principles on which our dual form of government is based.

"Should this tax on State and municipal securities be permitted," he continued, "it would cause a great shrinkage in their values and would prove a terrible blow to savings banks all over the country, whose funds are very largely invested in such securities."

Representatives of Klaw & Erlanger, the Shuberts, Al H. Woods, William A. Brady and other theatrical interests will be heard by the Finance Committee tomorrow in opposition to the doubled tax on admissions and the higher theatre taxes.

Whiskey Men's Warning.

The committee was warned to-day by representatives of the whiskey interests that unless the $8 a gallon tax on withdrawals of whiskey from bond was reduced there would result a loss of $600,000,000 in revenue. The estimates of the amount which will be raised through the tax on beverages will be decreased that much, the committee was told.

Even Representative Hull (Tenn.), one of the most influential Democratic members of the Ways and Means Committee, took a fling at the excess profits provisions of the Kitchin bill.

"I am gratified to see a so-called war profits provision go in this bill," he said. "From the beginning of the war I have exerted my humble efforts to this end upon the theory that if it was intended to reach war profits in the fullest and most accurate measure, and at the same time avoid many serious inequities which would arise under a so-called excess profits provision, a war profits measure should be enacted in the very beginning. I readily agree, as every one must, that neither of these tax methods is a scientific, equitable method in the ordinary sense."

"Greater latitude should be allowed in exceptional cases of industries which suffered an abnormal depression during the three-year prewar period in order that the normal profits of a representative concern may be taken as a basis," Mr. Hull said.

Representative Longworth (O.) warned the House of two grave features of all tax legislation, the possibility of reducing or destroying the revenue producing power of the country and impairing its capacity to absorb bond issues. Placing too high a tax on income, he pointed out, would drive investors into non-taxable securities, and no one would be the loser except the Treasury.

"This bill imposes a flat tax of 80 per cent. on war profits, a tax running as high as 70 per cent. on excess profits and a tax running as high as 77 per cent. on incomes," he said. "That, I think, is high enough. In fact I am not sure but that it is mighty near the danger mark.

"We must remember that this is a bill to raise war revenue, not a bill to reorganize society. The question as to what some of us may think is a proper amount for a rich man to live on in war time is subordinate just now to the amount we can properly and effectively exact from wealth for the support of our military programme.

"Just so surely as you imposee a tax which amounts to plunder just so surely will you overshoot the mark and render difficult, if not impossible, our task of furnishing the money necessary to prosecute effectively the war.

"Even more important than the question of the effect this bill may have upon the revenues is the question of the effect it may have upon the coming issue of Liberty bonds. Nothing could be more disastrous to our cause than that the issue should be a failure, and we must be scrupulously careful, therefore, that nothing we do here shall prejudice its success. Most of the bonds will be purchased by individuals, and their purchasing power will be directly affected by the taxes on their incomes."

Makes a Suggestion.

The proper way to make Liberty bonds attractive investments, Mr. Longworth pointed out, is to make the normal income rate high and the surtaxes low, as the income from the bonds is subject only to the surtax. He refused to subscribe to the policy that fully one-third of the war expenses should be borne by taxation.

Mr. Longworth pointed out that tariff duties and consumption taxes had been altogether neglected, and added: "This bill, then, remains as it stands a tax on wealth, pure and simple, but in my belief it taxes wealth pretty nearly to the straining point and any further taxes must be borne by people purchasing articles of daily necessity."

He pointed out the loss of revenue from the Executive order stopping the brewing of beer, and said that the thing to do first was to resort to higher tariffs on a few articles which will be high revenue producers. He suggested coffee, tea, rubber, wool, hides and sugar. He estimated that prohibition, instead of costing a loss only of the taxes from liquor, wines and beer, would amount, through the loss of taxes of all sorts connected with the industry, to almost $2,000,000,000.

Mr. Longworth expressed gratification that the war profits system had been incorporated in the bill, and recalled his pre-war opposition to the theory of the excess profits tax, and quoted the Secretary of the Treasury to show that their attitudes coincided exactly. Mr. Longworth deplored the fact that it had been made necessary to abandon the plan to tax unearned incomes at a higher rate than earned income, but pointed out that the vicious section 209 in the present law had been knocked out entirely in the Kitchin bill. This section put a larger tax on earned personal incomes than on unearned incomes.

GERMAN NAVY CHIEF MOVES.

Staff and Department Heads Go to Main Headquarters.

AMSTERDAM, Sept. 10.—The chief of the German Admiralty Staff, Admiral Scheer, has gone to stay permanently at main headquarters, according to advices from Berlin.

The staff of the naval war commander and other heads of Admiralty departments will also be located there.

GERMANY'S EFFORT SPENT, SAYS HAIG

Dark Days Past and Will Never Return, Field Marshal Tells His Men.

LONDON, Sept. 10.—"We have passed through many dark days. Please God these will never return," says Field Marshal Haig, Commander in Chief of the British forces in France, in an order of the day. The commander then says: "The enemy has now spent his effort." The text of the order follows:

"One month has now passed since the British armies, having successfully withstood all the attacks of the enemy, once more took the offensive in their turn. In that short space of time by a series of brilliant and skilfully executed actions we have repeatedly defeated the same German armies whose vastly superior numbers compelled our retreat last spring. What has happened on the British front has happened also on the front of our allies.

"Less than six months after the launching of the great German offensive which was to have cut the allied front in two the allied armies everywhere to-day are advancing victoriously side by side over the same battlefield on which by the courage and steadfastness of their defence they broke the enemy's assaults.

"Yet more has been done. Already we have pressed beyond our old battle lines of 1917 and have made a wide breach in the enemy's strongest defences.

"In this glorious accomplishment all ranks, arms and services of the British armies in France have borne their part in the most worthy and honorable manner.

"The capture of 75,000 prisoners and 750 guns in the course of four weeks fighting speaks for the magnitude of your efforts and the magnificence of your achievement.

"My thanks are due to all ranks of the fighting forces for their indomitable spirit in defence and their boldness in attack; to all commanders and their staff officers under whose able direction such great results have been attained, and also to all those whose unsparing labors behind the actual fighting line have contributed essentially to the common cause. To have commanded this splendid army which at a time of grave crisis has so nobly done its duty fills me with pride.

"We have passed through many dark days together. Please God these never will return. The enemy has now spent his effort and we rely confidently upon each one of you to turn to full advantage the opportunity your skill, courage and resolution have created."

Looks Into Gun Barrel; Killed.

CAMP MCCLELLAN, ANNISTON, Ala., Sept. 10.—While playing with a gun he thought was unloaded Private Francis Deluco of Brooklyn, acting sergeant of the guard, accidentally shot and killed himself to-day. For the amusement of several of his company mates he looked into the barrel of the gun and pulled the trigger. The gun contained two shells.

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