SPY HUNT LEADS TO MAN'S ARREST

Signals From Cape May Hotel Said to Underlie Capture

WOMAN WATCHED HERE

A spy-hunt along the Atlantic coast from New York to the Virginia capes, following disclosures by survivors of a submarine-attacked vessel who were held prisoner on the U-boat for several days, has resulted in the arrest of a man at Cape May, according to unconfirmed reports.

The man is said to have been caught signaling with lights from an ocean-front hotel.

Sailor patrols on the beach at Cape May are said to have been responsible for the arrest, after having watched for some time the flashing lights in the room. It is believed the man was signaling some ship at sea, probably a U-boat.

He has been lodged in the Wissahickon Barracks, it is said, and has given his name as Renshaw.

Naval authorities at Cape May today declined to discuss the reported arrest.

Watch Woman in This City

Coincident with the reported arrest, a report was circulated in this city that a wealthy German woman who is said to have kept a German spy or submarine base informed of the movement of ships, through telegraphic code messages, is being watched.

This may be the mysterious "master spy" reported at Lewes, Del., yesterday, as being hunted as the "brains" of the submarine pirates' operations off the coast.

It is said the Government has absolute evidence that this woman is a German spy and had much to do with the activities of the submarines off the coast, though officials refuse to verify the report.

Company Commander Lightfoot is said to have ordered the arrest of the man at Cape May, after having been summoned to the beach by reserves of the coast guard and watching for several minutes the flashing signal lights and hearing some vessel apparently answering the signals at sea by short, faint blasts from a whistle.

Ships fifty miles at sea could be communicated with by the use of a sixteen-candle power electric light bulb, naval men say.

After the man's arrest he was walked up the boardwalk under a heavy armed guard, with a large crowd of curious persons following until the prisoner was whisked away in an automobile.

Signals Flashed to U-Boats

According to the disclosures of the survivors of the sunken vessel who were held on board the submarine U-151, mysterious signal lights flashed from points along the shore several times during the night when they were cruising off the New Jersey coast.

The lights "blinked" out their signals to the U-boat commander at regular intervals, the survivors said.

Rear Admiral W. N. Winslow and a large number of intelligence officers joined the force of Government secret operatives working along the coast in the spy hunt, and astounding revelations are said to have been made.

At Lewes, Del., many unconfirmed rumors of spy activities have gained considerable circulation. The presence there of a large force of secret operatives of the Government gave strength to the reports.

600 WORKERS ESCAPE BIG WAR PLANT BLAZE

Marshal Investigates Mysterious $100,000 Fire in Wool Scouring Company

A mysterious fire at the plant of the Philadelphia Wool Scouring and Carbonizing Company, Somerset and Rush streets, where Government contracts are being filled, caused $100,000 damage and forced 600 employes to flee for their lives early today.

Many employes were forced to jump from second-story windows when they were trapped by the flames.

Residents of a row of dwellings in Rush street, near the plant, were routed out in scant attire by the police when burning embers, carried by a strong wind, threatened a conflagration in the row.

The plant, owned by the John D. Grover & Sons' Company, has been engaged in Government work for some time. The cause of the fire is being investigated by the Fire Marshal's office.

The fire was discovered by pedestrians and had gained considerable headway on the ground floor, cutting off the main avenues of escape of men and women on the upper floors.

For a time the blaze threatened to communicate to a warehouse where a large quantity of raw material was stored, but this was saved.

AMERICANS CHECK BIG ODDS

Outnumbered 2 to 1, Patrol Stands Firmly Nearly an Hour

Washington, June 7.—Outnumbered two to one, an American patrol held its ground in Lorraine on the night of June 2 for three-quarters of an hour and only retired when its ammunition was exhausted, says a communique from General Pershing. The official text follows:

"During the night of June 2 to June 3 one of our patrols operating in Lorraine and consisting of about forty men encountered a hostile patrol of double its size drawn up in skirmish formation along a line parallel to that of our own patrol. Both patrols opened fire with rifles, pistols, grenades and automatic rifle, and each tried to outflank the other. Our patrol, in spite of being greatly outnumbered, held its ground for three-quarters of an hour, inflicted losses on the enemy and retired only when its ammunition was almost exhausted. Our casualties were very light.

"During the night of June 4 to June 5 one of our patrols operating in Lorraine penetrated the enemy's positions and advanced behind his second-line trenches. It inflicted on the enemy losses in killed and wounded and withdrew successfully under cover of barrage from our Stokes mortars."

66 RECEIVE DIPLOMAS

Graduation Exercises Held by High Schools of Washington County, Md.

Hagerstown, Md., June 7.—Sixty-six graduates of the Washington County high schools received diplomas today from President Charles A. Weagley, of the board of education, the exercises including an address by Professor P. F. Brown, of the University of Georgia.

Miss Helen Binkley was salutatorian, and Lee Flaugher valedictorian. The academic departments graduated twenty boys and twenty-five girls; the commercial departments, eight boys and thirteen girls.

A summer school for teachers will be held again this year, beginning June 10, distinguished educators have been obtained as instructors.

WALLS OF HOUSE COLLAPSE

Two Women Narrowly Escape Being Caught in Crash

Two women narrowly escaped serious injury and probably death today when two walls in the home of Mrs. Mary Young, 2232 North Orkney street, caved in.

Mrs. Young was in the kitchen preparing breakfast for herself and a woman boarder when she heard a crash as though the whole house would tumble down. She ran upstairs and found that the front and south walls had caved in and the roof of the house almost so.

Several bricks from the walls fell to the floor with such a crash that they broke through and landed in the parlor of the home. If this caving in had occurred fifteen minutes earlier it would have entrapped the two women in bed. The bed was demolished and lay buried under the debris.

It is believed that the heavy rains of last night and today loosened the mortar in the walls. The house in its present state is uninhabitable and will have to be rebuilt.

British Ship Victim of U-Boat

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was made when the base of the scout patrol fleet in these waters was transferred elsewhere. This left Lewes and its splendid harbor without adequate protection from possible U-boat depredations. I personally feel certain that the Government is doing everything possible to remedy this mistake, if I may call it that, but we would like to know just what we may expect from the raiders and prepare for it. We would like to be assured by the Navy Department that as long as enemy submarines are operating within striking distance, Lewes will have means of defense." Mayor Thompson is serving his thirteenth term as mayor.

A submarine or seaplane attack upon the old Dominion liner Jamestown seemed to have been expected late yesterday by warships inside the breakwater. Destroyers circled about the liner for nearly an hour, throwing a heavy smoke screen, while fast scout patrols darted hither and thither in the vicinity. The Jamestown has been at anchor since Wednesday in deep water about four miles out from shore.

Suspect Aids on Shore

That the U-boats have had help in information from shore is becoming the firm impression of many navy men. Reports of a signaler discovered at Cape May, N. J., may prove significant. It is known that Captain Wells's intelligence men have been on some trails for several days, and that they are working day and night to run down any aids from shore.

The present whereabouts of the raiders is still a mystery. All along the coast they are being hunted vigilantly by armed vessels of every description at the command of the Navy Department. All the destroyers in home waters and the "fringes of the fleet," consisting of numerous converted yachts, are cruising night and day in search of the undersea pirates.

Not an incoming vessel reported any sign of the raiders. The theory generally accredited in official circles is that they are headed south for their secret base. The fact that both U-boats are able to listen-in on radio conversation hampers communication of details of the position of the pursuing craft.

Search for Floating Base

Aside from the effort to locate and destroy the submarines, the navy is using every means to determine whether they have a floating base of supplies. Every vessel in coastal or nearby waters is being overhauled and investigated by the submarine patrols. Patrol craft are continuing the search for mines strewn off the Delaware Capes.

Captain Ray, of the American schooner Joel Cook, said that on May 25 he was off Fenwick Island Light, Virginia Capes, when he sighted two submarines trailing a steamship. He thought the submarines were American vessels on trial cruises. Later the steamship dropped astern of the Joel Cok and was lost sight of. Since he heard of the presence of German U-boats in these waters, Captain Ray believes the steamship was acting as a mother ship.

An armed American merchantman that reached an Atlantic port yesterday with more than 100 soldiers among her passengers came over the same spot where the Norwegian steamship Eldsvold was sunk. No sign of a U-boat was seen.

Doubt U-Boat's Identity

Navy officials expressed doubt yesterday that the identity of the two U-boats had been established definitely. Reports of some of the survivors of vessels destroyed had indicated the raiders to be the U-151 and U-37.

According to naval authorities, the fact that German mines have been found gives support to the belief that the so-called U-151 is probably the UC-51. No evidence has ever been obtained by the Allies to prove that the Germans have built 151 submarines. It is known they have passed the 100 mark, but that was less than six months ago.

The exact design of the UC-51 is not known, but it is assumed that it is similar to the UC-56, now interned at Santander, Spain. This vessel had six mine-dropping tubes, each tube having six mines. Another type of U-boat, also a mine-layer, carries thirty-six mines, but has only four mine-dropping tubes. In addition, it carries two torpedoes to be used from its two tubes. The largest submarine mine-layer ever built was the Russian Krab, which carried sixty mines.

CAN'T STARVE BRITAIN

London, June 7.—No efforts of the German submarines, however severe, can menace the civilian population of Great Britain, John R. Clynes, parliamentary secretary of the ministry of food, told the House of Commons. He said 457,000 tons of bacon and ham recently had been imported from America.

Mr. Clynes said 100,000 additional acres of potatoes had been planted in Great Britain, while 120,000 acres had been planted in Ireland. The margarine manufacture, he added, had increased fourfold since the war began and the country now is independent of margarine imports.

WOMEN ESCAPE WHEN WALLS FALL

When two walls of the house at 2232 North Orkney street collapsed today, Mrs. Mary Young and a woman boarder narrowly escaped death

IN HEART OF U-BOAT RAIDS YET ARE UNAWARE OF THEM

Men on Rehoboth Beach Lightship, Mistake Submarines for Whales and Inquire What Airship and Sea Patrol Activities Mean

WHILE all the world and even Germany is being kept informed by telegraph, cable, wireless and newspapers regarding the U-boat activity off this coast, it is the peculiar fate of the men on the lightship off Rehoboth Beach, right in the heart of the new danger zone, to be in utter ignorance of the raid and to wonder what is the meaning of the presence of many United States airships and patrol and scout boats in the vicinity.

On the night of Monday, June 3, Joseph Holland, an engineer on the lightship, wrote to his brother, W. S. Holland, of 1214 Parrish street, Philadelphia, and gave the letter to a passing schooner to mail. It was mailed at Cape May June 5. The letter remarks the great number of airships and wonders what is up. At that time the rest of the world knew that submarines were raiding American shipping along the coast.

That submarines were lurking around the lightship June 3 is indicated by the writer's reference to what looked like whales.

The lightship is known as No. 52 and is anchored on a nine-fathom, or fifty-four-foot, bank twenty-five miles off Rehoboth Beach.

"We see lots of airships here," Holland writes, "and there are more than ever now. Two just went over us. I wonder what they are doing."

Further on in the letter he writes:

"What looked like two whales were pretty close to the lightship today and stayed around a while. They were the biggest I ever saw."

Again, in closing, Holland wonders what the presence of airships and scout boats mean. The ship to whom he gave the letter could not tell him. It had no wireless.

The lightship has no wireless, though months ago the men were informed it was to be provided with a wireless and a machine gun.

LIGHT REGISTRY FOR THE DRAFT CAUSES INQUIRY FOR FRAUDS

Continued from Page One

believe that many aliens crossed the ferry to register.

Under the present draft rules an alien is given deferred rating. Some of the local draft boards, however, have held to the principle that one who has been in this country ten years and has not taken out naturalization papers is to be considered the same as an American, so far as military service is concerned.

While every draft board has acknowledged failure to reach the expected registration Wednesday, boards which have accepted aliens were particularly avoided by resident aliens.

The draft law requires that one who is absent from his home on June 5, must register at the nearest board.

At that time Major Murdock, in charge of State draft headquarters, sent a warning to all draft boards to be on the lookout for fake letters and telegrams purporting to be "official" documents concerning the duties of draft officials.

He charged that forgery and fraud were being used by "private individuals" to mislead the draft boards in their registration work.

Here is Major Murdock's warning:

"This office is receiving information that many local and district boards are receiving letters and telegrams either sent to them or purporting to be sent to them from some branch of Government departments or bureaus in Washington or elsewhere. Some of these communications are genuine but without authority and should be ignored. Some are forgeries and are fraudulent.

"Please impress upon local boards that they are to receive and observe instructions only from the Governor, or the adjutant general, or the draft executive, or, in rare cases of emergency, instructions issued direct to such boards by the provost marshal general. It is, of course, proper for Government officials and others to communicate in the manner provided in regulations directly with local and district boards concerning registrants, and to furnish to boards the prescribed forms, affidavits and information required or authorized by the regulations, but there is no authority in any person to issue any instructions to any boards except as specifically prescribed in the regulations as above stated.

Charges of Forgery

Forgery and other fraudulent means are being resorted to by private individuals in order to mislead boards concerning facts affecting liability to military duty.

"Caution biards to scrutinize carefully all communications purporting to be official, and in case of doubt or suspicion to refer the matter immediately to you.

"Fraudulent communications of this sort are likely to be resorted to in connection with the registration, especially upon the question of age. Please promptly report to this office any and all cases which appear suspicious or where any unauthorized person, officer or department attempts to instruct or control action of boards. Please communicate this to all local boards and district boards immediately, using the telegraph if necessary, and acknowledge receipt and report your action by telegraph."

Pro-German propaganda is hinted by headquarters in this latest investigation. Vigorous prosecution is promised in all cases where the work of the draft officials was hindered by such means.

Throughout the State the 282 draft boards registered only 60,551 men, about 10,000 below the minimum estimate. Of this number of suspected slackers at least one-half are in this city.

Actual moves against these alien slackers, many of whom are known to the officials, will be undertaken immediately upon receipt of the necessary authority from Washington. Meantime, the investigation is going on to determine the causes of the light registration.

Eight draft districts in this city are especially low in registration. They are Districts Nos. 1, 2, 12, 21, 24, 39, 40 and 47. In each there is a large alien population, and the registration lists in these districts show an exceptionally small percentage of foreigners on the rolls.

Table Shows Registrants

Here is a table showing the number of registrants in each district here, the first column indicating white American citizens, the second negroes and the last aliens:

First	247	1	85
Second	145	21	116
Third	108	10	58
Fourth	150	58	86
Fifth	92	3	67
Sixth	87	234	25
Seventh	112	14	28
Eighth	156	65	55
Ninth	229	22	45
Tenth	143	0	89
Eleventh	178	0	21
Twelfth	289	0	28
Thirteenth	240	100	5
Fourteenth	196	2	18
Fifteenth	64	0	7
Sixteenth	215	19	16
Seventeenth	108	32	2
Eighteenth	207	11	26
Nineteenth	146	25	18
Twentieth	163	20	9
Twenty-first	310	4	41
Twenty-second	448	35	11
Twenty-third	104	28	10
Twenty-fourth	136	2	6
Twenty-fifth	185	5	14
Twenty-sixth	197	11	19
Twenty-seventh	88	152	13
Twenty-eighth	197	0	8
Twenty-ninth	252	29	23
Thirtieth	205	1	11
Thirty-first	221	0	11
Thirty-second	162	0	7
Thirty-third	172	12	32
Thirty-fourth	150	12	16
Thirty-fifth	272	99	33
Thirty-sixth	148	12	7
Thirty-seventh	244	15	45
Thirty-eighth	110	2	7
Thirty-ninth	180	0	24
Fortieth	271	1	26
Forty-first	208	5	12
Forty-second	207	20	29
Forty-third	283	1	7
Forty-fourth	150	14	19
Forty-fifth	155	0	11
Forty-sixth	244	47	24
Forty-seventh	205	5	31
Forty-eighth	143	3	9
Forty-ninth	145	0	7
Fiftieth	103	103	2
Fifty-first	174	0	14
Totals	9305	1256	1507

GARBAGE AWARD TO MURPHY

Reports of New Bidder's Qualifications Please Mayor

Mayor Smith is pleased at reports he has received of the qualifications of Edward T. Murphy to handle the city garbage collection contract in 1919, and the award will be made to Murphy at once. Murphy's figure of $486,000 is $89,256 lower than the amount paid to the Penn Reduction Company for the present year.

The new municipal contractor is an official of the American Agricultural Chemical Company, and, according to city officials, that concern is behind him in his bid. The local plant controlled by Murphy has been found satisfactory and will be augmented by parts of plants located in Boston and Buffalo.

HOME GUARDS ON PARADE

Oak Lane Organization Holds Open-Air Drill

In an effort to increase the strength of the company from an enrollment of 120 up to 200, the Oak Lane Home Guards met at headquarters, Eleventh and Oak Lane streets, last night and held an open air drill. After the drill they paraded over the entire suburb, finishing at the headquarters, where the flag was placed, in the center of the company, who all joined in singing "The Star Spangled Banner."

The officers of the company are Captain Thomas B. Thomas and Lieutenants H. A. Barber and B. Saddington. Captain Thomas is also a member of the reserve militia.

Expect Yankees To Turn Teutons

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and, needless to say, written in the language of triumph when the news is good from the German point of view. Lately, during the enemy's thrust against the French between Soissons and Rheims, these daily bulletins apparently had the effect of inspiring the German troops, and the prisoners talk with great confidence of a decisive victory for their people this year.

That hope will no doubt fritter away like so many others when it is seen that the last advance has been checked and that the losses are piling up again, but meantime it must be as good, or almost as good, as meat and drink to famished men.

Once again there is a lull in the enemy's operations and the prophets are forecasting the next move in the German game, a new gathering of reserves for another crash toward Paris or a new blow against the British to strike toward the coast. It is impossible for me to tell, for the decision rests with the enemy's supreme command, and the enemy's preparations all along the line and the disposition of his reserve forces enable him to mobilize rapidly on the battle line when he thinks it best suits his immediate purpose.

In any case, I think it is certain that after another brief breathing space the enemy will launch another heavy attack against the French and British troops, and will never rest for a longer time than it takes to make the necessary arrangements for battle during the whole of this summer and autumn. The Germans' high command knows that if victory is not obtained during the next five months they will have to return again to defensive warfare, with a fresh American army against them and with the initiative once more in the hands of the Allies; so into the five months they will crowd all their ferocious efforts to break, like a wounded beast, the net which incloses them.

Five Months Long Time

Five months is a long time. Five weeks has been sometimes long enough to decide the fate of nations, and five days to settle the fortune of the greatest battle. So the next five months may be a long strain on the French and British and American troops, and upon the peoples who watch from afar the movements of this struggle, not understanding the reasons for certain actions and the causes of occasional misfortune or of loss in life and ground, but believing in the promise of success at last.

It would be idle to pretend that in the next five months we shall not be faced with the greatest threat that ever challenged Great Britain and France since the war began with the enemy's tidal wave over Belgium and northern France. The enemy is skillful and strong and he has learned all that this war can teach him.

"What is the art of war?" said Napoleon to one of his officers, and answered his own question, "It is the talent of being stronger than your enemy at a given moment." The Germans have put that axiom into practice, and they will try to do so again. They have many advantages of position and all the skill of the Allied command will be needed to prevent them from bringing their strength to bear at a given moment of their own choice.

Must Face Facts

It is necessary to stare all this in the face frankly, without camouflaging its reality. By good fortune we are still confident of holding our own until the danger is passed, because we still have great armies in making. We may rely utterly upon the courage of our men, and as every week passes there is growing up beside and behind the British and French a new and powerful army of fresh and splendid quality, which will come into the battle line in full strength when the enemy is nearing exhaustion.

The army of the United States is spreading over great tracts of France, and is a guarantee that when we have held the enemy for five or six months more there will be no doubt in the long run of our safety and liberty. It is American soldiers who will have the luck, we hope, to give the final death blow to German militarism, though the French and British people sustained the first four years of agony by enormous suffering, which only future generations will fully realize.

U. S. Vessels Fight Sinker of Oil Ship

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for the way they saved that vessel, when she semed to every one to be lost.

"The Pratt was carrying 300,000 barrels of oil when we left Tuxpan. In lightening the load, about a fourth of her cargo of petroleum was pumped out. When she docked yesterday, there remained more than 200,000 barrels of crude oil in her compartments.

"I understand the Pratt is to go into Cramp's drydocks for repairs, after which she again will pursue her usual business, hauling oil.

"Efforts today to determine the extent of the damage caused by the torpedo were futile because the interior near the hole in her port bow is filled with oil and water.

"That is a huge hole in her, too, being at least twenty-five feet square, and we came all the way here with that opening unplugged. You cannot plug a hole that size while at sea, with the hole under water. And, too, the torpedo struck deep down under her.

"There was only one lift lost. Pebbles, the captain's dog, was drowned aboard ship. When we were ordered to leave the Pratt, the crew chased Pebbles all over the part of the vessel not already submerged. But the pup ran so fast we could not catch him and had to leave him. When the ship was righted we found Pebbles under a bathtub. He was drowned."

The officers of the Pratt are Captain Bennett, San Francisco; First Officer Nicholson, San Francisco; Second Officer Mott, Oakland, Cal.; Third Officer Brewer, Los Angeles; Chief Engineer Lyons, Duluth; First Engineer Pettigrew, South Shields, England; Second Engineer Wheatley, London, and Third Engineer Moessner.

One Philadelphia boy, Jack Elourne, was a wireless operator on the Pratt, and two Denver men, Michael and Patrick Riley, brothers, also were wireless operators.

DISBURSEMENTS OF TREASURY DURING LAST FIFTEEN MONTHS

Following is a detailed statement of the classified disbursements of the Treasury Department from March, 1917, to May, 1918:

	Ordinary	Foreign loans	Other special	Total
		1917		
March	$72,773,903.20	.....	$27,176,896.12	$99,950,799.32
April	81,599,598.22	$200,000,000	8,294,354.78	289,893,953.00
May	114,102,809.68	407,500,000	4,962,746.28	526,565,555.96
June	134,304,040.35	277,500,000	919,445.78	412,723,486.13
Totals	$402,780,351.45	$885,000,000	$41,353,442.96	$1,329,133,794.41
July	$208,299,031.05	$452,500,000	$1,511,814.92	$662,310,845.97
August	277,438,000.64	478,000,000	2,019,363.50	757,457,364.14
September	349,013,305.34	396,000,000	1,364,980.35	746,378,285.69
October	462,045,359.94	480,700,000	1,623,392.58	944,368,752.52
November	512,952,035.17	471,929,750	1,200,022.36	986,081,807.53
December	611,297,425.62	492,000,000	1,914,433.70	1,105,211,859.32
		1918		
January	715,302,039.83	370,200,000	4,854,005.86	1,090,356,045.69
February	675,209,068.43	325,000,000	12,477,017.31	1,012,686,985.74
March	819,955,367.26	317,500,000	18,338,441.98	1,155,793,809.24
April	910,756,758.95	287,500,000	17,031,020.28	1,215,287,779.23
May	1,068,203,026.82	424,000,000	15,992,206.83	1,508,195,233.65
Totals	$6,610,471,419.05	$4,495,329,750	$78,327,599.67	$11,184,128,768.72
Total March 1, 1917, to May 31, 1918—	$7,013,251,770.50	$5,380,329,750	$119,681,042.63	$12,513,262,563.13

SECRETARY McADOO URGES BILL FOR $8,000,000,000 TAX REVENUE

Continued from Page One

encourage investment in Government loans and discourage the wealthy from buying stocks and producing high returns.

It also would serve to hold the present Liberty bond rate at 4¼ per cent which McAdoo desires and would increase the number of bond buyers from 17,000,000 in the last loan campaign to 25,000,000 in the October campaign, treasury officials declared today.

Kitchin today laid McAdoo's letter before the Ways and Means Committee, which opened hearings on the new war tax law. At the same time the Senate was awaiting information from McAdoo upon which to base criminal laws to reach profiteers.

McAdoo's Suggestions

In his letter to Chairman Kitchin, Secretary McAdoo says:

"In the fiscal year ending June 30, 1918, our cash disbursements will amount to between $12,500,000,000 and $13,000,000,000. Of this amount about one-third will have been raised by taxes and two-thirds by loans, all of which will be represented by long-time obligations, that is, bonds of the first, second and third Liberty Loans and war-savings certificates. We shall thus have completed fifteen months of the war with a financial record unequaled, I believe, by that of any other nation.

"We cannot wisely contemplate nearly doubling our cash disbursements in the fiscal year 1919 without providing additional revenue. We cannot afford to rely upon $1,000,000,000 only from taxation, because we shall then have to rely on raising $20,000,000,000 by loans. This would be a surrender to the policy of high interest rates and inflation, with all the evil consequences which would flow inevitably therefrom, and which would, I firmly believe, bring ultimate disaster to the country. We cannot afford to base our future financing upon the quicksands of inflation or unhealthy credit expansion. If we are to preserve the financial strength of the nation we must do sound and safe things, no matter whether they hurt our pockets or involve sacrifices—sacrifices of a relatively insignificant sort as compared with the sacrifices our soldiers and sailors are making to save the life of the nation. The sound thing to do is unquestionably to increase taxation, and the increases should be determined upon promptly and made effective at the earliest possible moment.

"I doubt seriously if the Government can be financed with only $4,000,000,000 derived from taxation, because with a tax bill no larger than this, sufficient economies will not be enforced upon the people of America, and without sush economies I see no way in which the great financial operations of the Government can be safely conducted.

"On the basis of the present revenue laws we should have to raise in the fiscal year of 1919 $20,000,000,000 by the sale of Liberty Bonds or by loans of one sort or another. I believe that if we are to preserve the soundness and stability of our financial structure we should raise by taxation not less than one-third of the estimated expenditures for the fiscal year 1919, or $8,000,000,000.

"The existing excess-profits tax does not always reach war profits. The rates of excess-profits taxation are graduated and the maximum is 60 per cent. In Great Britain there is a flat rate of 80 per cent on all war profits. The Government departments, under great pressure as they are to get necessary war materials and supplies with the utmost expedition, cannot in the nature of things fix their prices nor guard their contracts in such a way as to avoid the possibility of profiteering. The one sure way is to tax away the excessive profits when they have been realized. I do not say this in a spirit of criticism of the corporations or business men of the country, who have for the most part loyally supported the Government. In entering into war contracts they take grave risks. They are called upon to make vast expenditures of capital for purposes which may prove unproductive after the war. They are not to be blamed in these circumstances for asking for prices and terms which cover those risks. On the other hand, when the risk has been liquidated by proper allowances and the contract has proved profitable the Government shoud take back in taxes all profits above a reasonable reward. Under existing law this does not happen, because the tax rates are not high enough and cannot safely be made high enough, since the test now is not how much of the profits are due to the war, but what relation the profits bear to the capital invested. A company with a swollen capital and huge war profits escapes.

"Of course, no one objects to reasonable profits; on the contrary, every one should want, and I am sure does want, business and enterprise to be rewarded with reasonable, or even liberal, profits. Prosperity should be preserved and can be preserved, I believe, on the basis of reasonable profits. The problem of statesmanship is to establish a just relation between necessary taxation and the earning power of the nation.

Wants Loan Rate Kept Down

"This brings me to another consideration of great moment in the Government's financial plans. I hope that it will not be necessary further to increase the interest rate on Government bonds. The number of subscribers to the three Liberty Loans aggregated 30,000,000. The people who subscribed are impatient of those who have not. Various plans have been urged upon me for forcing the people to buy Liberty Bonds. The man of small means who buys a $100 bond wants his neighbor to do so too. There is a popular demand also for high taxes upon war profits. There is also a popular demand that all the people should contribute to financing the war. There should, therefore, be a substantial increase in the normal income tax rate and a higher tax should be levied upon so-called unearned than on earned incomes.

"Income derived from Liberty Bonds would be exempt from this taxation and the relation between income from Liberty Bonds and income from other securities would be readjusted without increasing the rate of interest on Liberty Bonds. It would not tax the patriotic purchasers of Liberty Bonds on their holdings, but it would weigh heavily upon the shirkers who have not bought them. It would make the return from Liberty Bonds compare favorably with the return from other securities.

"It would give the Government's bonds an essential and necessary advantage over those of corporate borrowers and would very greatly decrease the relative advantage which State and municipal bonds now enjoy through the total exemption which they carry. It would produce a gradual readjustment of the situation in the investment markets instead of an abrupt one, as would be the case if the interest rate on Liberty Bonds should be increased.

Many Are Shirking

"There is another feature deserving of consideration. We are asking the people to finance this war and we are offering them an investment paying 4¼ per cent interest. The people have responded wonderfully to this appeal. In the last Liberty Loan campaign 17,000,000, approximately, subscribed. There is a widespread feeling that many people who are able to do so, especially those who are making vast profits out of the war, are not doing their part, either in the purchase of Liberty Bonds or in the payment of taxes—that they are investing in corporate stocks and bonds producing high returns instead of the bonds of their own Government producing reasonable returns, when the first duty of patriotism and self-protection demands that they shall buy Government bonds for the protection of the nation in its hour of peril.

"There is a natural feeling among the masses of the people that taxation upon incomes and upon war profits should be high enough to bring the return from corporate investments more nearly on a parity with the return from Government bonds; that the Government should not be forced to compete for credit with war industries which are profiting abnormally and which, unless restrained by the exercise of sound and just taxation, will constantly add to the difficulties of the people of the United States in their effort to supply the Government at reasonable interest rates with the credit it needs to fight successfully this war for liberty."

U. S. DRY IN WAR URGES ANTI-SALOON LEAGUE

Leaders Are Confident Congress Will Heed Prohibition Sentiment

Washington, June 7.

Wartime nation-wide prohibition legislation separate from any entangling legislation will be asked of Congress by the Anti-Saloon League of America as the result of the position taken by President Wilson and Herbert Hoover, United States food administrator, that the question was not one to be disposed of under the food-control act.

The following statement has been authorized by the league:

"The attitude of the Administration concerning war prohibition and the methods for securing it have been clearly and positively set forth. It opens the way for immediate, direct action by the Congress.

"We believe Congress, consistent with its strong prohibition enactments during the last year, will respond to the overwhelming sentiment of the nation for complete wartime prohibition."

Representative Randall, of California, also announced a full war measure will be urged in Congress.

President Wilson's letter to Senator Sheppard, opposing Representative Randall's amendment adopted by the House to make unavailable a $6,000,000 agricultural appropriation unless the President exercises powers under the food-control act to prohibit the use of grains in making beer and wines, was read to the Senate.

"Frankly, I was very much distressed by the action of the House," said the letter. "I do not think that it is wise or fair to attempt to put such compulsion on the executive in the matter in which he has already acted, almost to the limit of his authority. What is almost entirely overlooked is that there are, as I am informed, very large stocks of whisky in this country, and it seems to me quite certain that if the brewing of beer were prevented entirely, along with all the other drinks, many of them harmless, which are derived from food or feedstuffs, the consumption of whisky would be stimulated and increased to a very considerable extent.

"My own judgment is that it is wise and statesmanlike to let the situation stand as it is for the present, until at any rate I shall be apprised by the food administration that it is necessary in the way suggested still further to conserve the supply of food and feedstuffs. The food administration has not thought it necessary to go any further than we have in that matter already gone."

SENTENCED IN UNIFORM

Former U. S. Sailor Jailed for Two Years for Robbery

Norristown, Pa., June 7.—Charles Kulp, of Norristown, dressed in a United States navy uniform, was sentenced to two years in the Montgomery County jail by Judge Swartz after being convicted of breaking open a locker in the Reading Railway station in Norristown and stealing a pocketbook.

He said he had been discharged from the navy in 1910.

"Why do you still wear the navy uniform?" asked the Court.

"I was told that I could wear it twenty-four hours each month," replied Kulp, who, the Court was told, was a parole prisoner from the Eastern Penitentiary.

MID-EUROPE POLICY FIXED BY ALLIES

Alignment With Wilson on Polish and Jugoslav Freedom Welcomed

FUTURE CURB ON FOES

Special Cable to Evening Public Ledger
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London, June 7.

The announcement regarding the declarations agreed to at Versailles on Monday last by the British, French and Italian Prime Ministers brings the public definitely defined policy of the western European Powers into harmony with that of the United States on two very important points. The first concerns the creation of a united and independent Poland with free access to the sea which is declared to constitute one of the conditions of a solid and just peace and of the rule of right in Europe. The second is the indorsement of Lansing's expressed sympathy for the nationalistic aspirations toward freedom of the Czecho-Slovak and Jugoslav peoples, that is, for the two Slav nations which form the majority in Austria-Hungary and are held down by the Hapsburgs under the oppression of the German and Magyar minorities.

Both declarations, it is pointed out in the Chronicle, are extremely welcome and valuable as showing that the Allied Governments have come to recognize, no less than President Wilson does, the crucial importance of central and eastern Europe among the material issues for which the war is being fought. It is now officially recognized that if Germany ends the war on terms which will enable her to enslave the east, no defeat of her western ambitions can be more than temporary. A genuinely independent Poland and a genuine emancipation of the Austrian Slavs are indispensable if Potsdam is not to be allowed to create a future empire which would overpower the world.

The recent meeting of the supreme war council took place in circumstances whose gravity has been unparalleled since its foundation. Reflection of the gravity is to be seen in Clemenceau's speech.

There is no denying that the last offensive has brought the enemy dangerously nearer to Paris, and the people living and working in the French capital cannot but be sensitive to the altered situation. But they are bearing themselves with admirable patience and stoicism. Clemenceau gives expression to this mood. His speech is a frank recognition of the terrible dangers and trials ahead, but it is in no sense a counsel of despair. Speaking for his Government, he declares it will never surrender, that it has full confidence in the generalissimo and in the Allied armies, and that the only thing that matters is the final success. In this spirit he invites his fellow countrymen to await calmly the supreme ordeal, confident in the ultimate triumph of the cause for which so many have died.

AMERICA'S EFFORTS SPURRING ENEMY ON

London Daily News Says Germans Seek Decision Before More Aid Arrives

Special Cable to Evening Public Ledger
London, June 7.

The Daily News says editorially this morning:

"The candor of Clemenceau's declaration that America, and America alone, could crown the Allied cause with victory is at once an impressive evidence of the single-minded confidence of one member of the Alliance in the loyalty of another and a just testimony to the power of America to cast into the scale a weight to which the enemy can find no counterpoise.

"At the same time it must be recognized that the very magnitude of America's contribution enhances the immediate peril of the Allies.

"Till United States troops were actually holding front trenches, Germany consistently affected, and may conceivably have entertained, profound skepticism as to the power of America to intervene effectively in the European war. She has already seen good cause at Cantigny and Chateau-Thierry to change that view, and the necessity to force the issue before such men as held the crossings of the Marne are numbered in France by the millions has become overwhelming.

"For that reason, if no other was furnished by the internal state of the Central Empires, there can be no hope of a respite from German onslaughts, but it is an offensive with a time limit, and Clemenceau's confidence that the Allies can hold on till time is called rests on a sound elm of all the factors."

ASSASSIN AT $15 A WEEK

Young Brooklyn Man Admits Part in Six Murders

New York, June 7.—A young man accustomed to work as a hired assassin for $15 a week nonchalantly described his vocation to a jury before Judge Crain in General Sessions.

He is John Esposito, alias "Johnny Lefty," of the Navy street gang, of Brooklyn, and he was testifying for the State against Ciro Terranova, on trial for instigating the murder of Joseph Di Marco and Charles Lombardi, in July, 1916. The prosecution held that Terranova coveted Di Marco's gambling house and caused the latter's death in order to obtain it.

Under cross-examination Esposito declared he had taken part in killing four other gamblers on orders from Leopold Lauritano, a saloonkeeper.

Munition Plant Needs Men

Hazleton, Pa., June 7.—Forty men rendered idle by the destruction of a tannery at Noxen, and others similarly affected by a blaze at Milton, were brought here and given positions at the Jeanesville Iron Works shell plant, which needs 6000 hands, but has only 3000.

HELP WANTED—MALE

BOOKKEEPER—One who has some knowledge of individual ledger in national bank and to make himself generally useful. Only the summer months or longer if desired. M 1446, Ledger Central.

ROOMS FOR RENT

West Philadelphia

52D ST. N. 621—1 or 5 choice outside rooms, furnished or unfurnished; housekeeping if desired; 3 story, porch front.

(Other Classified Ads on Pages 16 and 17)