

SYSTEM OF GRAFT IN WAR CONTRACTS BROUGHT TO LIGHT

Thousands of Letters, With
Proofs, Received at Capital

CONTINGENT FEE BASIS

Commissions Thus Paid, 5 to
20 Per Cent, Ran Into
Millions of Dollars

PLANTS THREATENED

Gregory Plans Change of Con-
tract Not to Employ Any
Third Party in Dealing With
the Government

Washington, June 18.—Several thousand letters and documents containing proofs of an elaborate system of obtaining government contracts on the illegal contingent fee basis were received today by the department of justice from its agents who conducted raids on hundreds of contractors' business offices late yesterday.

The commissions paid on these contracts, it was disclosed, ranged from 5 to 20 per cent., and the aggregate fees probably ran into millions of dollars. Evidence was discovered of hundreds of contracts made under these arrangements heretofore unsuspected by the department of justice.

Manufacturers were threatened in many cases with being deprived of contracts if they refused to negotiate with these agents on a commission basis. Some agents represented that they had special influence over members of congress.

In addition to these documents other information came to the department from manufacturers who had been solicited by contract commission agents located in Washington. The manufacturers offered the assistance in stamping out the illegal system.

An immediate result of the disclosures was a letter sent by Attorney Gregory to heads of all government departments making war contracts, proposing that all future contracts should contain a clause pledging the manufacturer not to employ any third party in negotiations with the government.

"A situation which has arisen in the matter of government contracts seems to me to require summary action," said the attorney general. "Owing to the tremendous increase in government business and the speed with which it must be executed some manufacturers, because of ignorance or misinformation, have thought it necessary to negotiate with the government through contract brokers or contingent fee operators. It follows that the system requires a contractor in making his estimate to load his bid with the contingent fee item. The courts have universally condemned the contingent fee contract. The methods employed by the contingent fee operator are often insidious and reprehensible and, in view of the fact that the average fee is five per cent, the resulting cost to the government is very great.

"As a means of breaking up this practice I have prepared the following form of contracts, which the president requests shall be inserted in all government contracts:

The contractor expressly warrants that he has employed no third persons to solicit or obtain this contract in his behalf, or to cause or procure the same to be obtained upon compensation in any contingent, in whole or in part, upon such procurement, and that he has not paid, or promised or agreed to pay to any third persons, in consideration of such procurement or in compensation for services in connection therewith any brokerage, commission or percentage upon the amount receivable by him hereunder; and that he has not in estimating the contract price demanded by him included any sum by reason of any such brokerage, commission or percentage, and that all monies payable to him hereunder are free from obligation to any other person for services rendered or supposed to have been rendered in the procurement of this contract. He further agrees that any breach of this warranty shall constitute adequate cause for the annulment of this contract by the United States, and that the United States may retain to its own use from any sums due or to become due thereunder an amount equal to any brokerage, commission or percentage so paid or agreed to be paid."

As an additional protection it is requested that your department as a regulation the following language taken from section 3722, page 735, revised statutes, as applied to the navy department:

"And no person shall be received as a contractor who is not a manufacturer of or regular dealer in the articles which he offers to supply."

"This will synchronize the action of officials of your department with that of the contractor is prohibited by the law from transferring his contract or

NOT MATTER OF RE STRATEGY

Fight For Principles of Right
and Honor, Says Kaiser

REALIZE TRIALS OF WAR

Anglo-Saxons Aimed in Mak-
ing Peoples of World
Their Slaves

20 YEARS' HARD WORK

German People and Army Are
One, Says Wilhelm, and
That Fact Will Bring
Victory at Last

Amsterdam, June 18.—The war is not a matter of strategic campaign, but a struggle of two world views wrestling with one another, Emperor William declared on Saturday at the celebration of the anniversary of his accession at German main headquarters.

"Either German principles of right, freedom, honor and morality must be upheld," he added, "or Anglo-Saxon principles with their idolatry of mammon must be victorious."

The Anglo-Saxons, he asserted, aimed at making the peoples of the world work as slaves for the Anglo-Saxon ruling race and such a matter could not be decided in days or weeks, or even in a year.

The emperor emphasized the fact that from the first he had realized that the trials of war would be great. The first outbreak of enthusiasm has not deceived him. Great Britain's intervention had meant a world struggle, whether he desired it or not.

He said he was thankful that Field Marshal von Hindenburg and General Ludendorff had been placed at his side as counselors. Drinking to the health of the army and its leaders, the emperor said:

"The German people and army, indeed, are now one and the same, and look up to you with gratitude. Every man out there knows that he is fighting for, the enemy himself admits that, and in consequence we shall gain victory—victory of the German standpoint. That is what is in question."

The emperor referred to the period of peace which he described as "20 years of profitable but hard work, though they could not always be regarded as successful in a political respect and had brought disappointments."

His interests had been centered in the work connected with the development of the army and effort to maintain it at the level at which it had been entrusted to him. Now, in time of war, he could not better celebrate the day than under the same roof with the field marshal and his faithful, highly-gifted generals and general staff. The emperor continued:

"In peace time in the preparation of my army for war my grandfather's war comrades gradually passed away, and as the German horizon gradually darkened many a German and not the least, I hope, with assurance that God would in this danger place the right man at our side. Our hope has not been disappointed."

"In your excellency, and in you, General Ludendorff, heaven bestowed upon the German empire and the German army and staff, men who are called upon in these great times to lead the German people in arms in its decisive struggle for existence and the right to live, and with its help to gain victory."

VICTORY IS NOW WITHIN OUR GRASP

Rome, Monday, June 17.—"With soldiers like the Italians so heroically bearing the brunt of the enemy's hordes and with an organization as powerful as that of America's, the victory of civilization against militarism is within our grasp," said Captain-Congressman F. H. Laguardia, of New York, at a mass meeting here tonight. His statement caused a frantic demonstration in favor of the United States.

Occupy West Bank.
London, June 18.—The Austrians, according to the Evening Standard, now occupy the west bank of the Piave from the Congellano railway to the Zebson bend, a distance of a mile and a half. They have thrown 14 bridges across the river. These, however, are under the Italian fire.

Now On German Soil

Washington, June 18.—The war department authorizes formally today the announcement of the fact that the 32nd division, national guard, is now fighting in Alsace, German territory. Since the division has been in action its presence has been identified by the Germans permitting the fact to be disclosed.

HINDENBURG WILL HAVE TO DO SOME TALL HURRYING

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GERMAN U-BOAT AND ENTIRE CREW WERE DESTROYED OFF VIRGINIA BY U. S. VESSEL

92 DIVISIONS ARE USED BY TEUTONS

Austria Has Hurling Hordes
Against Forces of Italy

WERE CHOICEST TROOPS

One Allied Aviator Lost While
44 Enemy Machines
Are Downed

Paris, June 18.—Ninety-two Austrian divisions, consisting of 80 divisions of infantry and 12 of cavalry, have been hurled into the greatest battle that Italy has yet fought, according to an official announcement at Rome received here through the Havas Agency. Seventy-one of these divisions have already been identified.

The forces engaged comprise three-fourths of the whole Austrian army, and the choicest troops under the command of Field Marshal Borojevic. (The number of men in an Austrian division is not exactly known, but the number of divisions engaged would indicate that approximately one million Austrian soldiers have been thrown into the battle.)

Papers found on officers show that after forcing the passage of the Piave the first day's objective was the Treviso-Montebelluna railroad. In two days of fighting the enemy columns had succeeded only in realizing the minimum assigned for the first day, according to the official note issued at Rome.

But one single allied aviator has

Report Comes From Mem-
bers of Victorious Crew

NEAR CHESAPEAKE BAY

Liner Had Gone in For Shelter
in Response to Subma-
rine Warnings

An Atlantic Port, June 18.—A German submarine and entire crew was destroyed by an American submersible off the Virginia coast several days ago according to a report brought here today by passengers aboard an American steamship.

Officers of the vessel claimed to have been told the story of the submarine combat by members of the victorious American undersea boat's crew.

The American liner had put into the mouth of Chesapeake bay for shelter in response to submarine warnings and there anchored near an American submarine tender alongside which was moored the undersea craft, which was taking on provisions and fuel, officers of the vessel stated. An interchange of a wireless message followed, in which the submarine crew is reported to have told of its victory.

The U-boat was sighted while the American craft was patrolling with only her periscope visible, according to the story the American skipper is alleged to have told. When within range a torpedo was released and 20 seconds later microphones recorded a terrific explosion, he was quoted as saying. Rising to the surface the American submarine circled about on the lookout for survivors, but all coming to the surface was the only trace found of the vanquished raider, narrators of the story said they had been told.

No Word Received.

Washington, June 18.—No word had

FRENCH LEGION OF HONOR FOR BISSEL

Risked Own Life That Men
Might Reach Safety

STORY THRILLING ONE

With 10 Machine Gunners
Thrown in to Stem the
German Advance

With the American Forces on the Marne, Monday, June 17.—Second Lieutenant John T. Bissel, of Pittsburg, has been recommended for the French legion of honor for his distinguished gallantry displayed recently at Chateau Thierry.

The story of his conduct offers a thrilling example of an officer's disregard for his own life in order that the men under his command might reach safety. It was on June 2nd that Lieutenant Bissel with a party of 10 machine gunners was thrown in to help stem the German advance.

The party was ordered into Chateau Thierry, where they crossed to the north bank of the Marne and set up their guns in the streets behind whatever protection they could gather, using boxes, tables and stones. The town was drenched with shells but the Americans held out until the Germans finally rushed the town and some of the enemy crossed a bridge to the southern side of the river to one side of Bissel's position. The bridge was then blown up.

Meanwhile American and French machine gunners on the southern bank

AUSTRIAN ARMY IS HELD IN CHECK ON FRONT BY ITALIANS

MEN 18 TO 45 TO FACE NEW ORDER

Crowder Looks For Long War
With Central Powers

MAN POWER QUESTION

Every Able-Bodied Man Must
Contribute Service to
Win the War

CONGRESS SOON TO ACT

Labor Shortage Is Most Ser-
ious Problem Confronting
Nation—Serious With
War Industries

By FRANK P. MORSE.

Washington, D. C., June 18.—Every able-bodied man in the United States between the ages of 18 and 45 years will soon find himself confronted by the "work or fight" order which Provost Marshal General Crowder issued to apply only to Americans within the original draft age.

This fact became apparent today when Senator Chamberlain, chairman of the senate military affairs committee, got behind the Crowder request for an amendment of the draft law to increase the conscription age.

The Washington government, resigned to a long war with the central powers believes that the conflict has settled down to a man-power proposition. For that reason, it is determined that every American man capable of aiding the nation must contribute his services, either in the trenches or in industries that directly assist the winning of the war.

The man-power question has been made the subject of grave discussion in government circles during the last few weeks. It is a vital topic of conversation at almost all sessions of the war cabinet, the war council of the war department, the war industries board, and even at routine cabinet sessions. President Wilson and his advisers realize that the full strength of the United States is not being exerted against the Teuton nations and they are determined to adopt measures that will steadily bring about that necessary result.

With the backing that has been given to the Crowder request, there can be no doubt that congress will act favorably on the 18 to 45 proposal in the near future. And as soon as the law is put into effect, the government will inaugurate an exhaustive study of the ability disclosed under the amended draft law an set to work to make a steady diversion of this ability to fields in which it can be utilized to the best advantage.

The shutting down of non-essential industries is merely at a beginning. The government is inclined to proceed cautiously, because it is realized that the revolutionary changes in the activities of the nation would slow up the flow of funds to liberty loans, war savings stamps, Red Cross subscriptions and payments under the income and excess profits taxes. Very gradually, however, the list of non-essentials will be increased until luxuries become absolutely non-existent in America.

The labor shortage is the most serious problem that confronts the country. It is so serious, indeed, that industries engaged in production of essential war materials hesitate to increase their plants because the human energy, materials and transportation necessary for the enlargements cannot be spared while the demand for war supplies continues as acute as at present. It is believed, however, that the working out of the increased draft age will furnish a vast force of intelligent labor for steel plants, shipyards and munitions factories.

There is one phase of the labor situation, however, that will not be materially remedied even by the drafting of Americans between the ages of 18 and 45 years. This is the constantly growing demand for unskilled labor for activities that do not need trained ability but are languishing as a result of the unskilled labor famine.

The Washington government has given this question close attention and is now considering a plan which may solve the problem. It is the importation of a heavy percentage of unskilled labor from Mexico. President Wilson has modified the immigration law by suspending the head tax, the requirements of the literacy test and the provisions of the contract labor law. There is, of course, a stumbling block in the form of Carranza's embargo on an exodus of labor from Mexico, but Washington government officials are

One Million Men Have Been
Hurled Against Allied Line

LOSSES ARE FRIGHTFUL

Greatest Gain Made by Inva-
ders on Piave River, Not
Over Three Miles

BRITISH HOLD FIRMLY

Heavy Firing by German Ar-
tillery in Ancre Valley and
North to Serre Has Been
Reported by British

Holding their lines intact along virtually all the 90 miles of battlefront from the Adriatic to the Asiago plateau, the Italian and allied armies appear to have given the Austrian armies a serious setback. Approximately 1,000,000 Austrians have been hurled against the Italian front, but have gained little except along the Piave river, where their progress is seemingly too slow to be threatening to the allied positions.

Losses which are described as frightful have been inflicted upon the Austrians in the areas where the principal fighting has taken place. In the mountainous country where the British have been holding their positions solidly thousands of the enemy have perished, while they have paid heavily for every foot they have advanced along the Piave river front.

In the Montello area on the upper Piave the Austrians seem to have gained a foothold on the west bank of the river. North of Zenson Joppa and at Capo Sile, lower down, they have also moved westward, but their greatest gain does not exceed two or three miles. It seems that, so far, in the battle, the Austrians have gained the most ground at Capo Sile, a village situated west of the Piave river and surrounded by low marshy land, which in itself does not lend itself readily to a rapid advance by the Austrians.

The vital mountain sector along the upper reaches of the Prenta has not been broken. On the contrary, the British claim to have defeated the foe. As long as this front holds firmly, according to military experts, the stability of the Italian line is assured unless a serious breach should be made along the Piave river east of Treviso and Montebelluna. There are hints of a counter offensive in reports from Italy. The success of the Italians two weeks ago in the mountainous country to the west of Lake Garda, and the evident concern of the Austrian command over an advance there may be along this part of the front. A success there would isolate the Austrian forces east of Lake Garda and turn the right flank of the enemy armies.

While the gigantic Austrian attempt to break through to the plains of Italy has occupied the center of the stage, events of importance may be taking shape in the Somme battlefield. Heavy firing by the German artillery in the Ancre valley and northward to Serre is reported by the British. It is on this part of the front, that German attack has been expected by the allies and the German bombardment may be the prelude of a resumption of the enemy's offensive in France.

Prisoners taken by the Italians, French and British now total 5,000. The latest report from Vienna makes claims of no marked gains except the capture of Capo Sile on the west bank of the Piave south of Fossalta. The number of prisoners is now reported as 12,000.

Emperor Charles is reported to be in southern Trentino, directing the offensive, and dispatches from Switzerland say that thousands of troops are being sent into the Trentino. Further Austrian efforts undoubtedly may be expected.

Activity on the front in France continues of a minor character. German efforts to drive the French from their new gains around Hautebraye, north-west of Soissons, were repulsed by the French, which increased their captures to 370 prisoners.

Small raids have been carried out by the Germans against British positions in Picardy and Flanders.

American positions northwest of Chateau Thierry are being bombarded heavily with gas shells and there are indications that the enemy may again try to drive the Americans from Belleau wood and other territory recently gained. The enemy artillery fire has increased along the Marne also, east of Chateau Thierry, but there has been no infantry activity. On the Lunerville front enemy raiders have captured a few American prisoners, while in the Vassges, in Alsace, American gunners broke up a German raid.

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