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SERBIANS ATTACKED

Austro-Germans Have Captured Semendria And Are Advancing Southward

SITUATION SERIOUS FOR WHOLE ALLIED CAUSE

Bulgarians Are Trying to Interrupt Communications North and South of Nish—Serbians Are Inflicting Heavy Losses on the Invaders—Have Already Made Arrangements for Transfer of the Capital to Monastir—Greece to Remain in a Position of Armed Neutrality—Russians May Cooperate with Entente Allies in the Balkans, But it is Understood That Italy Has Decided Not to Send Troops There—French Continue Offensive on Reduced Scale—Teutons in the East Have Brought Their Offensive to an End and the Russians are Striking Back.

London, Oct. 12, 10 p. m.—Serbia is now being attacked from the north and the east. The Austro-Germans after their capture of Belgrade and Semendria are advancing southward, while the Bulgarians have sent forces to endeavor to interrupt communications north and south of Nish. The war-time capital of Serbia and attack the Serbs on the flank if they are driven back by the German field marshal, Von Mackensen.

Serious for Entente Allies.

The situation is admitted to be a very serious one, not only for Serbia but for the whole allied cause. It is asserted that the Serbians are inflicting very heavy losses both on the Austro-Germans and Bulgarians, but with their army of about a quarter of a million men they are believed to have little chance of making any prolonged resistance against three or four hundred thousand Austro-Germans and probably two hundred thousand Bulgarians. They already are taking steps for the transfer of the capital to Monastir, in the extreme southwestern corner of the kingdom.

Greece to Ignore Treaty.

Greece apparently has decided to ignore the treaty under which she is supposed to report to the Entente. Premier Zaimis has said when officially notified of the Bulgarian attack that Greece remains in a position of armed neutrality.

The followers of the quadruple entente, however, have decided to take energetic action. As soon as the news of the Bulgarian attack on Serbia was received in London the Bulgarian minister was handed his passports and Mr. Viviani, French prime minister in the chamber of deputies today declared that France, Great Britain and Russia are prepared to take energetic action and that tomorrow Russian troops will be fighting by the side of ours.

Allies Landing at Saloniki.

An Anglo-French force is known to be landing in Saloniki, but there is considerable speculation as to where Russia will enter the Balkan campaign. It is reported that General Nicholas is to command the Russian Balkan army, which is believed in military circles here would make the Bulgarian people willing to fight against Russia, there being a deep veneration among the Bulgarian peasants for the emperor of Russia and his family.

Italy Not to Cooperate.

It is understood that Italy has decided not to cooperate with the allies in the Balkans, the Italian government being of the opinion that troops cannot be spared for any campaign other than that in Trentino and Trieste.

Now that Austria and Germany have entered on their Balkan enterprise, which is contemplated as the first step toward an endeavor to secure a German empire in the Near East, there is some hope that the allies will be able to no drawing back, but the allies hope that with a vigorous offensive against Russia, there being a deep veneration among the Bulgarian peasants for the emperor of Russia and his family.

French Offensive Weakens.

The French, in both the Champagne and Artois regions of France are continuing their offensive, but not on the scale of the recent attacks. The British after their success in repelling the big German attack are preparing for another move, but at that point only the commanding generals know. Now that they have started, it is believed here that the British and French on the western line will give the Germans no rest.

It is much the same on the eastern front. The Austro-Germans, having brought their offensive to an end except in the region of Dvinsk, the Russians have recuperated wonderfully and are striking back in their familiar way. The Germans claim another success west of Dvinsk, but they are still fighting to the west of Hottuk. They also announce that Russian counter-attacks have been repulsed south of the Pripiet river in Volhynia and in Galicia.

Russians Regaining Strength.

The Russians seemingly have entirely regained the initiative, especially in Galicia. Here it is reported from Petrograd that the Russians have won a victory on the River Stripa. The territory in which this battle was fought marks the extreme left of the Russian battle line. The Russian offensive on this front started several weeks ago when successes were won at Tarnopol and Trembowla. Austro-German reinforcements were rushed up and hard and incessant fighting has taken place since. General Count Von Bothmer commands the Austro-Germans in this sector and the German official report of today says that the position of the "German troops" with him is unchanged.

Cabled Paragraphs

Earthquake Shock in Italy.
Rome, Oct. 11, via Paris, Oct. 12, 5.25 a. m.—An earthquake shock was felt at midnight in Reggio nell' Emilia. Heavy material damage has been reported.

Savings Go to German Loan.
Berlin, Oct. 12, by wireless telegraph to Sayville, N. Y.—German savings banks subscribed 2,876,000,000 marks (\$715,000,000) to the third German war loan. The average news Agency announced today.

Keeping London Churches Dark.
London, Oct. 12, 7.55 p. m.—It was officially announced today that Sunday evening services in St. Paul's Cathedral would be discontinued in order to conform with the regulations respecting the darkening of streets.

Emperor William in Serbia.
London, Oct. 13, 3.05 a. m.—Emperor William has arrived at the Austro-German headquarters in Serbia, according to a despatch from Copenhagen to the Morning Post, which has been as authority for the statement a telegram received in Copenhagen from Berlin.

COMMONS APPROVES THE AMERICAN LOAN
Expected to Receive Royal Assent as Soon as House of Lords Acts.

London, Oct. 12, 8.55 p. m.—A loan bill to confirm the action of the government in raising a loan of \$500,000,000 in the United States in conjunction with France, passed through all stages of the house of commons this evening. It is expected that the royal assent as soon as the house of lords has formally passed it.

Previous to the passage of the bill, Reginald McKenna, the chancellor of the exchequer, explained the reasons for the loan and its terms and replied to criticisms as to the rate of interest charged for the loan and the profit to be made by the underwriters. These criticisms were made by a few members of the house. A large majority of the members gave the bill their unqualified support and it was passed unanimously.

It is not believed here that the passage of the loan bill will have an immediate effect on the rate of exchange. In fact, it is believed the government will be engaged in filling orders to sell exchange before any pronounced or permanent improvement can be attained. Today's news from New York that the dollar market was strengthening and the establishment of a further parity and a slight hardening effect on the rate.

15 TO 20 FIGHTING SHIPS OF DREADNOUGHT TYPE
Contemplated by Secretary Daniels for Five Year Building Programme.

Washington, Oct. 12.—Fifteen to twenty fighting ships of the dreadnought and battle cruiser type, with a proportionate number of seagoing submarines, coast submarines, scout cruisers, destroyers and auxiliaries, enough to make a new navy fleet—is contemplated by Secretary Daniels for recommendation as a five year building programme for the United States navy.

President Wilson and Secretary Daniels have discussed informally the details of the proposed program in order to be adequately prepared to defend the present strength of the fleet must be almost doubled in the next five years, with the addition of many of the latest type of fast and most powerful fighting craft.

Details as to numbers have not yet been finally worked out, but the general board of the navy and Secretary Daniels now are planning their recommendations. Another conference between the president and the secretary will be held Friday at the White House, at which the total number probably will be fixed.

LANSING CONFERRED WITH CARRANZA REPRESENTATIVE.
General Talk on Situation—No New Steps Were Taken.

Washington, Oct. 12.—Secretary Lansing conferred today with Eliseo Carranza representative here, General Carranza. It was their first meeting since the Pan-American diplomats decided that recognition should be extended to the Carranza government in Mexico.

The secretary described the conference later as a general talk on the situation and said no new steps had been taken, as he still was awaiting responses from South and Central American governments.

Recognition in all probability will be given formally by the United States, however, within another week. He likely will take the form of a note which would be presented to Carranza here. His reception today was of an unofficial character.

THE decision to recognize General Carranza, said Mr. Arredondo, as he left the state department, "signifies a triumph for the Pan-American policy of this continent. It is of great importance to the future growth of understanding between the nations of this hemisphere."

AVIATOR'S BODY LOCATED IN SAN DIEGO BAY
Still Strapped to the Pilot's Seat—Discovered by Divers.

San Diego, Calif., Oct. 12.—The body of Lieutenant Walter R. Taliaferro, the aviator who fell to his death yesterday morning, was located in San Diego bay this afternoon by divers from the U. S. S. San Diego.

The army tractor No. 80, which Taliaferro was flying at the time of the fall, was found by the divers about 200 yards from where the machine struck the water. Taliaferro's body was still strapped to the pilot's seat.

ANTHRAX SUFFERER IS GROWING WEAKER
Temperature Has Reached 104—Rallied When Anti-Toxin Was Administered.

New York, Oct. 12.—George F. Staokpole, a lawyer who has been suffering from anthrax, tonight was weaker. His temperature reached 104, the highest it has been yet.

Heavier Taxation Stocks to Be Quoted on Big Incomes at Real Values

DEFENDED IN BRIEF FILED BY GOVERNMENT.
WHEN NEW YORK STOCK EXCHANGE OPENS TODAY.

WITH SUPREME COURT DISCARD POINT SYSTEM
Have Been Quoted on the 100 Point Basis—Stocks of \$50 Par Value Will Today Be Listed at Just Half What They Were Monday.

Washington, Oct. 12.—Heavier taxation on big incomes as a relief from the "disproportionate share" of governmental support borne by the poor under indirect taxation was defended today by the attorney general in a brief filed with the supreme court in the pending income tax cases.

The brief bears the names of Attorney General Gregory, Solicitor General Davis and Assistant Attorney General Wallace, Jr., and represents the government's position on the legal talent of all the various attacks on the income tax, the success of which would reduce the government's income \$50,000,000 a year.

System of Indirect Taxation.
"The ordinary system of indirect taxation upon consumption places upon the poor person a disproportionate share of the burden," says the brief in reply to a charge of discrimination in the additional or surtax on incomes of over \$2,000.

Income Tax Shifts Burden Upward.
"Income taxation tends to shift the burden upward. It is undeniable that the greater the income the greater the tax which the payment of taxes is met. Even allowing for the nominal inevitable increase in the scale of living, he who has the larger income bears the greater burden of the tax. It is not the total tax, but also the rate of taxation. At the present time the rate of taxation is not uniform. It is not the same for all incomes and it is not for the large income that such classification is outrageous."

Right to Discriminate.
As to alleged discriminations, the government contends Congress has the recognized power to make classifications so long as they are not unnatural and based on race, color, sex, religion or national origin. The exemption of persons from taxation on the first \$3,000 income and taxation of corporations on all income is justified on the ground that it is not a personal or family expense, while loss of means to support a family had an individual result in more public charges.

MABS OF EVIDENCE IN CASE OR NEW HAVEN DIRECTORS.
Reviewed by Government Attorneys—Trial Begins Today.

New York, Oct. 12.—Government attorneys in the case of directors and former directors of the New York, New Haven and Hartford railroad, who go on trial tomorrow, charged under the so-called criminal clause of the Sherman law, with conspiring to monopolize the transportation traffic of New England, spent today in reviewing the mass of evidence which they have unearthed after more than a year of investigation.

The case will be called by Federal Judge Thayer, who has the obligation of twenty-one defendants to appear and the prospects that it will not go to the jury for a verdict before February 1st. On this verdict will depend the disposition of the cases of six other defendants, who gained a separate trial, the three others having obtained immunity.

The twelve defendants are: William C. Rockefeller, Lewis Cass Ledyard, D. Newton Barney, Robert W. Taft, A. Heaton Robinson, Edward D. Robinson, James S. Hanning, Charles E. Brooks, Charles M. Pratt, Henry K. McHarg, Frederick B. Brewster and George MacCulloch Miller.

FRENCH PRESS PROTEST SUPPRESSION OF PAPERS
For Violating Orders of Censor in Publication of Articles.

Paris, Oct. 12, 5.40 p. m.—The protest of the association of Paris newspapers against the suppression of newspapers on account of violation of orders of the censor preventing the publication of certain articles, complains that foreign newspapers of neighboring countries, both allied and neutral, coming into France contain news held back from the Paris newspapers by the censor.

The French pressman says the protest, "is conscious of having, since the beginning of the war, taken up the defense of the most sacred national interests. It has not merited the daily injuries inflicted upon it and manifests its resolution no longer to submit to the violence imposed by those who follow the arbitrary behind authority in power."

The protest is signed by Jean Dupey, Arthur Mayer, Stephaon Fichon, former minister of Henri L. Stresemann and other notable managers of the Paris press.

AUTO STRUCK POLE AND OVERTURNED
Two Persons Were Seriously Hurt Near Unionville.

Unionville, Conn., Oct. 12.—Two persons were seriously hurt and three others received minor injuries near Unionville today when an automobile driven by Harry Donahue of Plainville struck an electric light pole and overturned. A Plainville woman, whose name could not be learned, was pinned under the machine. She was taken to her home after being given medical treatment. David Lawler of Westville was taken to a Hartford hospital suffering from scalp wounds and internal injuries.

Condensed Telegrams

The White star liner Cymric, which left New York October 11, reached Liverpool yesterday.

Leonidas L. Bracken, of Munich, Ind., today was selected as secretary of the federal trade commission.

Thomas P. Fowler former president of the Ontario and Western railroad died today at his home at Warwick, N. Y.

Arthur Pillsbury Dodge, a lawyer and an author of religious works died at his home in Freeport, N. Y., at the age of 85 years.

Richard E. Yeargin, an American citizen, imprisoned at Vera Cruz Sept. 29 and held incommunicado, was released Saturday.

Herbert L. Samuel, the British postmaster general, announced the abandonment of the proposal to abolish half penny postage.

President Wilson decided that he would be unable to visit the Pacific coast to see the San Francisco and San Diego expositions.

John D. Rockefeller, Jr., returned from his trip to Colorado, where he investigated conditions in the coal mining camps.

The heroic statue in bronze erected at the Bloody Angle, Gettysburg, by the memory of Major General Alexander S. Webb was dedicated.

Premier Aquilino announced that he was yet unable to give the decision of the government on the subject of recruiting, but said this would not be long delayed.

While painting a house in New Haven, Lars Mick Anderson fell from a high ladder. He was taken to a hospital where he was found to have a fractured thigh.

The whaleback steamer, J. B. Neilson, which went aground on Point Isabel, Keweenaw Point, Lake Michigan last Friday, filled and sank on Sunday night.

Some time before President Wilson and Mrs. Normal Galt are married, a formal announcement of the date and place will be made. This was stated officially.

More than one million pounds sterling (\$2,000,000) weekly is being paid by the British government to the wives and children of soldiers serving with the colors.

Bilk manufacturers from all over the United States were at Pasadena to attend a silk convention to continue for three days. More than 300 delegates were present.

The government's defense of the income tax was outlined in a brief filed by Attorney General Gregory in the supreme court in reply of the several pending attacks.

The eagerly awaited statement of Sir Edward Grey, the foreign secretary, on the Balkan situation, was not made in the house of commons. It was deferred until Thursday.

Corporal J. E. Cephege, United States marine corps, with a perfect score of fifty, won the individual championship of the National Rifle Association at Jacksonville, Fla.

"Education and Peace," "Women and War," and "Some Aspects of Our History of Commerce at Sea," among topics under discussion by the international peace congress at San Francisco.

British agents are investigating operations of certain yachts, which they believe have been prepared or are being equipped to carry out operations carrying oil from Mexico for the British navy.

Dr. Charles Frederick Holder, the naturalist and author and founder of the famous Tuna club of Catalina Island, died at Pasadena, California Sunday of heart disease, in his sixty-fifth year.

French Premier Outlines Policy

DEFENDS ACTION OF LANDING TROOPS IN GREECE.

WILL AID SERBIA

Declares There is No Comparison Between That Action and Germany's Violation of the Neutrality of Belgium—Bulgaria Held Responsible.

Paris, Oct. 12, 5 p. m.—In response to resolutions adopted by the finance committee and the socialist committee, urging the necessity of a complete and immediate explanation on the part of the government, Premier Viviani in the chamber of deputies today outlined the situation with respect to the Balkan states.

"The country, owing to the grave events now taking place," said the premier, "must be informed and the government takes this opportunity to make a declaration of the situation and its policy."

"The Balkans question was raised at the outset of the war, even before came to the attention of the world. The European treaty had left in Bulgaria profound heart burnings. Bulgaria's people were resigned to the loss of the fruits of their efforts and sacrifices and to the consequences of the unjustifiable war they had waged upon their former allies. From the first country the allied governments took into account the dangers of such a situation and sought a means to remedy it. Their policy has proceeded in the spirit of justice and generosity which has characterized the attitude of Great Britain, Russia and Italy as well as France."

The union of the Balkan peoples, and in accord with them, seek the realization of their principal national aspirations, which has been obtained by mutual sacrifices and by the definite guarantee of future peace. Despite the efforts of the Russian, Greek and Serbia least that assistance, we have been unable to obtain the sincere collaboration of the Bulgarian government. The difficulties respecting the negotiations were always at Sofia."

Bulgarian Claims.
"Bulgaria made claims upon her four frontiers at the expense of her strength, the stupidity of these accusations, the Bulgarian government, to whom magnificent perspectives opened elsewhere, would consent to the sacrifice of her territory for which they receive large compensation."

"They say," continued Mr. Viviani sarcastically, "that we are violating the neutrality of Belgium, that we dare to compare our action to that of Germany in violating the neutrality of Belgium, perjury her signature and blood, and that we have turned into fire and bloodshed. The conditions under which we went to Saloniki; the conditions under which we departed; the way we received the Bulgarian four frontiers at the expense of her lions."

"This energetic action Great Britain and France, in accord with the allies, have undertaken. They have weighed the difficulties. Our principal preoccupation is the defense of our frontiers, the liberation of our territory by mighty efforts, to which we owe the victories already won upon our soil with the valorous support of our allies, with their sacrifices and our blood. No government could do otherwise in a duty so tragic, but so simple."

"But without weakening our front, we have the further task of fulfilling duties which our interests and our honor impose upon us. We are in full accord with the general opinion of the French army. The understanding between the governments of Great Britain and France is complete and I cannot better express the nature of the following form, namely: "From now France and England, in accord with their allies, are completely agreed to go to the aid of Serbia, to the extent she has asked our aid, and to assure to the profit of Serbia, Greece and Rumania respect for the treaty of Bucharest, of which our territory is guarantor. The British government and the French government are in accord upon the importance of effective conformity to the face of their military authorities. Russia has decided to join with her allies to help the Serbian people and tomorrow our troops will fight alongside of ours."

GERMAN STEAMER SUNK IN THE BALTIC SEA
By British Submarine—Crew Given 15 Minutes to Leave Ship.

Kalmar, Sweden, Oct. 12, via London, 6.35 p. m.—The German steamer Nicomedia, with a cargo of 5,500 tons of iron ore from a Swedish port for Hamburg, was sunk in the Baltic yesterday by the British submarine E-15.

The Nicodemus was sunk off the southern point of Oland, a Swedish island, which Kalmar Sound operates from the mainland.

The crew was given 15 minutes to take to the boats. It is reported that they all landed safely.

The German steamer Nicodemus belonged to the Hamburg-American line. She was of 4,351 tons gross, 234 feet in length and was built in 1911.

The British submarine E-15 is a new boat, the last submarine of that letter listed being No. 15.

TO BUILD MODEL BIRD REFUGE NEAR GREENWICH
On 1,500 Acre Estate of E. C. Converse, a Multimillionaire.

Greenwich, Conn., Oct. 12.—Announcement was made here today that E. C. Converse, a multimillionaire, will build a model bird refuge on his 1,500-acre estate "Convers Manor," near here. Mr. Converse is greatly interested in birds and he hopes the establishment of the refuge will do much to increase bird life in this section of the state.

Approximately 1,100 employees of the Eagle Lock company are on strike at Terryville.