intended for Russia. This is the first retaliatory measure effected by a neutral. There are vigorous representations by both parties, none of which have led to anything as yet, largely because of the untested questions involved.

One contention of the Swedish Foreign Office is that a parcel, irrespective of the class of postage it bears, is entitled to no more consideration than ordinary freight. Another contention is the right to censor mail on ships coming voluntarily into English ports, which affects mail to Holland.

The first stand has not been directly controverted by neutrals, although causing Swedish protests and retaliation. The second is believed soon will be, as it is said to be impossible for Holland liners to reach their ports through the English Channel without going within English territorial waters, because of English war measures.

Sweden Defends Retaliation.

In regard to their retaliatory measures Swedish diplomats say that since the Swedish Government forbids the export of certain articles, and since, according to England's argument, parcel post is entitled to no more protection than freight, she has a perfect right to hold up parcel post and seize such articles.

The *Times* says:

"The steamship Stockholm was diverted to Kirkwall by her owners and the Admiralty la week. Her cargo was found to include 534 tons of oleo, 264 tons of lard, 147 tons of pork, 557 tons of meat and 80 tons of castings, destined for Sweden. Such importations are largely in excess of the normal and need explanation. It is understood that the vessel has been detained for prize court proceedings."

The Stockholm *Aftenblad* protests sharply against the detention of the Stockholm and demards as a reprisal that postal and telegraphic communications with England be stopped.

[The Stockholm is a Swedish vessel of 7,975 tons net. She sailed from New York for Gothenburg, Sweden, on January 3.]

The *Daily Mail's* Rotterdam correspondent reports that the Hollanders who are making fortunes feeding Germany received a shock to-day when they learned that the British navy had detained six Holland-America liners and allowed them to sail to Rotterdam only on condition that a part of their cargoes, consisting of bacon and salted meat skins for sausages, were brought before a British prize court.

The *Nieuwe Rotterdamsche Courant* complains that the foodstuff was confiscated, although imported through the Netherlands Overseas Trust, and the greater part was destined for the consumption of the Dutch army. It is pointed out here that the newspaper omits the consideration that if Dutch bacon were not sent to Germany Holland could feed its own army.

FRANCE OPPOSES PLAN.

British Cabinet Divided and Scheme May Be Abandoned.

WASHINGTON, Jan. 19.—Lukewarmness on the part of the French Government toward the proposed British naval blockade, coupled with a division of sentiment in the British Cabinet itself, the State Department has been unofficially advised, may result in an abandonment of the proposed new project.

According to the information which has come informally to Washington from Paris and London, it is by no means certain that the blockade will be put into operation. The Paris Foreign Office, it is said, is frankly doubtful as to the wisdom of further antagonizing the neutral countries and in both Paris and London, there is a well defined opinion that it is impossible to starve out Germany and that in any new blockade the game would not be worth the candle.

In view of the delay on the part of Great Britain in proclaiming the new blockade, officials of the State Department are inclined to attach significance to the reports. They deny, however, that Col. E. M. House, President Wilson's special envoy to belligerent capitals, has made any reports on the subject.

Should the blockade be proclaimed, however, high officials of the Department let it be known this afternoon that the United States would make no protest until it has accumulated facts sufficient to prove the ineffectiveness of the blockade. To that end it was stated the American representatives in the blockade area would be instructed to keep careful tab on all shipments succeeding in getting through the blockade line.

The State Department was advised today by Ambassador Page at London that the British Foreign Office has completed a draft of its answer to the American note of October 21 protesting against detention of American ships under the British orders in council and has submitted the draft to the French Foreign Office for approval.

Pending the receipt of this note and a final determination by Great Britain respecting the proposed naval blockade it was indicated at the Department this afternoon that the American protest on contraband may be held up; although this, it was said, would not necessarily be the case. It was pointed out that if the blockade were proclaimed all products would be made contraband in so far as Germany was concerned and if the blockade were effective it would have to be recognized by this Government.

The Department is still without any reply from Great Britain to its protest against British seizures of letter mail between the United States and neutral countries in northern Europe. Ambassador Page sent to the Department to-day, however, a cablegram saying that he has been informed by the British Foreign Office that mail and parcel post matter detained by the authorities and found to be "innocent" is forwarded to the addressees immediately, but that all letters and packages detained are sent to the prize court.

The United States has refused thus far to join with any other neutrals in taking action on war questions, and will probably follow that course in regard to the mail seizures, it is thought here.

IRON CURB FOR TRADE.

British Measure Provides Drastic Control of Commerce.

Special Cable Despatch to THE SUN.

LONDON, Jan. 19.—The Government bill amending the "trade with the enemy" acts was read for the first time in the House of Commons yesterday. Under the terms of the bill the Board of Trade is empowered to prohibit any person, firm or company of hostile nationality or associations from carrying on business in Great Britain during the present war.

The board may also, through a court petition, require the winding up of any business registered in the United Kingdom if it appears to it that that business is operating outside the United Kingdom in a way that would constitute the offence of "trading with the enemy" if carried on within the kingdom.

GOODS GO TO GERMANY.

Stockholm the Clearing House for Illicit War Trade.

Stockholm has been made the clearing house for illicit trade among the belligerents and for the handling of goods smuggled into Germany through the so-called blockade established by the British Orders in Council.

Russian wheat sent by way of Rumania finds its way to Germany through this clearing house and German manufactured goods, particularly articles useful in war, pass to Russian hands through the same agency. The two nations were greatly dependent upon each other before the war and the advertised positions of the two Governments regarding exports to each other has not completely checked the traffic between them.

In a considerable part of the traffic through Stockholm, however, Russia is the loser. It has become a regular custom for a Swedish firm holding a bill of lading of British goods consigned to it for transshipment to Russia to take it to the agents' clearing house established in the Grand Hotel at Stockholm and sell it to the highest bidder, who invariably is a German agent. The goods, chiefly cotton or some other article of which Germany because of the British blockade is greatly in need, is then transshipped to Germany and the Russian buyers are put off by a variety of excuses.

Great Britain failed to stop the practice by negotiations begun last June and now has formed a transit company in Sweden to handle all the licenses and keep control of the goods from the time they reach a Scandinavian port until they arrive in Finland. This action by Great Britain is now the subject of angry protests on the part of the Swedish press and agitations are being started in Sweden for retaliatory measures against Great Britain and her allies.

TEUTONS WITHDRAWING FROM GREEK FRONTIER

Kaiser and Bulgar Ruler at Nish—Greece Calls on Allies to Depart, Vienna Hears—Likelihood of Revolution Grows—King Fears Assassination.

Special Cable Despatch to THE SUN.

LONDON, Jan. 20 (Thursday).—The Salonica correspondent of the *Daily Mail* telegraphs under yesterday's date:

"The Bulgarians are withdrawing part of their troops from the Greek frontiers. The Austrians and Germans also are withdrawing several cavalry and infantry units from Monastir. These forces are retiring northward with a certain amount of hurry.

"Their object is believed to be to guard against an offensive move by the Allies. The Bulgarians have destroyed several bridges. This sudden change in the enemy's attitude is incomprehensible."

The *Daily Telegraph's* Copenhagen correspondent quotes travellers from Germany as saying that Bulgarian and Turkish troops are being moved to the western front, in preparation for a strong German offensive.

Official denials of the sending of an allied ultimatum to Greece, reports of which were sent out on Monday by a Berlin news agency, were followed today by despatches from Vienna quoting the *Neue Freie Presse*, the semi-official Austrian organ, as stating, in a despatch from Sofia, that Greece has sent a note to the Entente Powers demanding the evacuation of all Greek territory by the allied troops.

The Athens correspondent of the *Daily News* telegraphs:

"A semi-official note denies that the Government of Greece authorized the Allies to search for Austrian or German submarine bases in Greek waters. Such activity, the note says, would increase the difficulties of Greek neutrality."

Allies in War Council.

Premier Briand and other members of the French Government who accompanied him on his trip to London attended a war conference with Premier Asquith and other members of the British Government at Downing street yesterday afternoon.

It is supposed that the rumored capitulation of Montenegro and the crisis in the Greek situation caused the visit of M. Briand.

France was represented in the Council by Premier Briand, Jules Cambon, General Secretary for Foreign Affairs, and Alexandre Millerand, former Minister of War. Premier Asquith, War Secretary Kitchener, Foreign Secretary Grey and First Lord of the Admiralty Balfour represented Great Britain. Viscount French, former commander in chief of the British armies in France, was also present for a time.

The *Daily Mail's* Athens correspondent says in a despatch filed Tuesday:

"It is prominently announced by a section of the Greek press that former Premier Venizelos is on the point of departing for the isles occupied by the Allies. Venizelos himself said to-day that there is nothing whatsoever in the story. He said he had thought of going to Crete at the beginning of the year but abandoned the plan owing to difficulties of the political situation."

Athens Fears British Fleet.

The same correspondent, in a long undated despatch received here to-day via Messina, reports great changes at Athens during the last five days.

"Anxious expectation is general, from the King downward," says the despatch. "Sentries have been posted all along the sea front at Phaleron to announce the arrival of the British fleet.

"The Germans everywhere are panic-stricken. The Greeks are wondering whether in the case that we proceed to further steps to which the fate of the Persia and other ships forces us the makeshift edifice of Greek neutrality will survive."

The correspondent represents King Constantine as "seesawing." He says the monarch feels that Germany is losing and sometimes regrets that he did not join the Allies.

"Then," continues the correspondent, "the King suddenly persuades himself that victory for the Allies is impossible. During the last ten days he veered against the Allies after a similar period of favoring them.

German Attitude Changes.

"He is offended by the proceedings at Corfu and the destruction by the Allies of the railroad bridges at Demir Hissar. The only thing he could not resist would be a national rising against the Bulgars.

"There is a great change in the attitude of the Germans, who present all the symptoms of despair, being audacious and terrified by turns.

"Two days ago a small French torpedo boat and an English despatch craft came to the Piræus harbor. Immediately the German, Austrian, Turkish and Bulgarian Consuls hastened to Athens with their papers in handbags and took refuge in the legations until the allied vessels had left.

"The secretaries of the German and Austrian legations are armed with revolvers and sleep nightly in the chancelleries. Baron von Schenck, the German arch-conspirator, is scurrying from house to house, in a panic. He sleeps at a different place every night and is always armed.

"He has got himself appointed to some capacity at the German Legation so as to be secure in diplomatic inviolability. The Baron has had a bonfire, burning his papers. He and Capt. Grancy, the naval attache, remain dangerous."

Athens Has a Boy-Ed.

The writer describes Capt. Grancy as "the Boy-Ed of Athens," saying the Captain is organizing Greece as a submarine centre, flagrantly abusing his diplomatic position. Baron von Schenck is plotting personal violence against the supporters of the Allies and is trying to suppress Venizelos.

"Renegade Levantines were deputed to attack him, but all precautions had been taken," continues the correspondent. "The editor of the Pro-Alli *Nea Hellas* was waylaid and beaten the other night by soldiers who accused him of attacking the King and playing England's game.

"The Venizelist Police Chief has been superseded and 400 additional secret police have been appointed. Soldiers who openly express Venizelist sentiments are arrested.

"A plot is being nourished by the German Legation to remove the French Minister, M. Guillemin, who mainly influenced Premier Briand toward a forward policy in Greece. M. Guillemin meets Sir Francis Elliot, the British Minister, daily in conference. They act in complete uniformity.

"The coercive measures which have been adopted are dictated by necessity. It is impossible for us to initiate a gentle and refined policy as long as we have clear evidence of wireless installations on the Greek coast and inland, of irregular trade in petrol in Attic waters, while lighthouses at certain points on the Greek coast are strongly suspected by us to be signallers for oil depots."

WON'T ABANDON ALBANIA

Italy Reported Taking Adequate Measures for Defence.

Special Cable Despatch to THE SUN.

ROME, Jan. 19.—King Victor Emmanuel returned from Taranto to-day, where he reviewed the fleet. The monarch conferred with the Premier for two hours.

A Cabinet council will be held to-morrow. Meanwhile adequate measures are being adopted for the defence of Albania, although it is not likely that the Austrians will advance beyond Scutari, which is as yet unoccupied by them.

PEACE TERMS REFUSED.

Paris Hears Montenegro Has Broken Off Negotiations.

PARIS, Jan. 19.—The peace negotiations between Austria and Montenegro have been suddenly broken off because Montenegro finds the Austrian conditions unacceptable, the French Government announced officially to-day. King Nicholas of Montenegro is to go to Italy. The statement says:

The wireless news of the surrender of the Montenegrin army appears somewhat premature. It is now announced from another source that negotiations between Austria and Montenegro have been broken, the conditions of surrender imposed by Austria having been found quite unacceptable by Montenegro.

The King, the royal family and the diplomatic corps are about to proceed to Italy.

In contrast with this official statement was an announcement issued by the Montenegrin Legation here to-day regarding Montenegro's surrender. The legation's statement asserts that the little kingdom laid down its arms only because forced to do so by the lack of arms and ammunition.

ATTACK ON NICHOLAS?

Rome Hears of Attempt to Assassinate Montenegrin Ruler.

Special Cable Despatch to THE SUN.

ROME, Jan. 19.—There is an unconfirmed rumor that an attempt has been made to assassinate King Nicholas of Montenegro.

King Nicholas is looked upon here as solely responsible for what is called Montenegro's treachery, which was opposed by the King's family and the majority of Montenegrins.

KAISER VISITS SERBIA.

Presents Bulgar King With a Field Marshal's Baton.

LONDON, Jan. 19.—A Reuter's despatch from Nish, transmitted via Berlin, reports that the Kaiser spent yesterday in Nish and met King Ferdinand of Bulgaria there.

The allied monarchs watched from the citadel a procession of Bulgarian, German and Macedonian troops. The Emperor presented King Ferdinand with a Field Marshal's baton.

MORE MAIL SEIZED.

British Take Parcel Post—Germans Capture Danish Steamer.

Special Cable Despatch to THE SUN.

COPENHAGEN, via London, Jan. 19.—The Government announced to-day that the parcel post aboard the Scandinavian-American liner United States had been taken off at Kirkwall.

The Danish steamer Kiew, from Copenhagen for Liverpool, has been seized by a German destroyer and taken to a German port.

DEMANDS SHIPS' RETURN

Sweden Sends Sharp Note of Protest to Germany.

STOCKHOLM, Jan. 19.—The protest lodged by the Swedish Government at Berlin against the seizure by Germany of the steamships Capella and Hildur demands, it is now understood, their immediate return. When these two ships arrived at Stettin before the prize courts met it is said all the crews were sent home for the purpose of removing any witnesses the captain might have.

BELGIUM GETTING MALT.

Britain Also Allowing Her 12,000 Tons of Barley Monthly.

Special Cable Despatch to THE SUN.

LONDON, Jan. 19.—Lord Robert Cecil, Parliamentary Secretary for the Foreign Office, told the House of Commons today that the Government is allowing the monthly exportation to Belgium of 2,000 tons of malt and 12,000 tons of barley.

11 GERMANS RECAPTURED.

Fugitives From Canadian Camp Are Caught Near Border.

ST. JOHN, N. B., Jan. 19.—Eleven of the twelve German prisoners who escaped from the internment camp at Amherst on Monday night were captured to-day near the United States border.

Three of the men were taken from the Boston train when it reached Mc Adam. The others had made their way to Calais and St. Stephen, four were captured in St. Stephen and the other four across the line.

The United States board of immigration will sit in Calais to-morrow to consider the case of the men who had succeeded in crossing the border, but it is believed they will be handed over to the Canadian authorities.

The men found on the Boston train were caught by a news agent. He offered for sale an English magazine. They declared they wanted nothing English. This aroused his suspicions and he communicated with the immigration officials.

TURKS IN CAUCASUS RETREAT 20 MILES

Russians in Dashing Drive Advance Along Front of 150 Miles.

FLIGHT IS PANIC-LIKE

Special Cable Despatch to THE SUN.

LONDON, Jan. 19.—The Russian forces in the Caucasus have dealt a smashing blow to the Turks. They drove the Ottomans from their strong positions on the river Aras, a distance of twenty miles toward the Black Sea coast, and made a general advance on a front of nearly 150 miles, according to an official Russian War Office statement issued tonight. The Turkish flight, Petrograd asserts, assumed at many places the character of a "panic flight."

Constantinople issued to-day a denial of previous Russian reports of gains and asserts the situation "except for slight changes" is favorable for the Sultan's troops. The Russian statement follows:

By our furious and unexpected attack on their centre the Turkish army was disorganized and dislodged from a strong position over a front of more than 100 versts (about sixty-six miles) from the neighborhood of Lake Tortum (toward the Black Sea coast, to the region of the Kaladzau River, north of Melazghert (this would cover a front of nearly 150 miles), and retreated toward the fortified plateau of Erzerum.

At many places this retreat assumed the character of a panic flight. Several Turkish units were almost annihilated; hundreds of bodies cover the route of our offensive.

At many points our troops had to advance on heights above the clouds, amid heavy snowstorms, cutting trenches in the deep snow.

We occupied the village of Koprukeul, on the Arassa, fifty versts (about thirty-three miles) east of Erzerum. (This is west of Khorassan, and represents an advance, judging by previous reports, of at least twenty miles on the part of the Russians.)

In the course of the fighting on the 17th we took five officers and 208 men, with much material, including machine guns and caissons. We seized a Turkish ammunition depot at the village of Tsurnachel, in the Karadzan district.

In Persia, southwest of Lake Urumiah, there have been engagements with Kurds, who were repulsed southward.

The official Turkish statement follows:

The Russians, who sustained considerable losses in consequence of our violent attacks and owing to our reenforcements, were compelled to abandon their attacks along the entire front. Despite eight days of very violent offensive operations by superior enemy forces the situation, apart from slight changes, remains favorable to us. There are otherwise no new developments.

RUSSIANS RENEW DRIVE.

Austrians Say They Repulsed Attacks Near Toporoutz.

Special Cable Despatch to THE SUN.

LONDON, Jan. 19.—A new battle has begun on the Bessarabian frontier, in the region of Toporoutz, where the Russians are trying to break through the Austrian lines and push toward Czernowitz, the capital of the Bukowina. Vienna announced officially this afternoon that four successive Russian attacks were repulsed. The statement follows:

The Russians have renewed their attacks near Toporoutz and Oyan, on the frontier east of Czernowitz and a new battle has commenced.

In several places the enemy made four successive attacks, but was each time repulsed.

The official statement issued by the Russian War Office to-day says:

Enemy aircraft dropped bombs on the Aa district and the region to the west of Friedrichstadt and Dwinsk.

A German attempt to land on the bank of the Dwina below Friedrichstadt was repulsed. Southwest of Friedrichstadt the Germans used asphyxiating gas.

In the Dwinsk-Tannenfeld district the Germans received artillery reenforcements. We repulsed two attacks.

GERMAN DEPUTIES DENOUNCE GAG LAW

Declare Censorship That Suppresses Truth Has a Bad Effect on Cause.

Special Cable Despatch to THE SUN.

BERLIN, via Amsterdam, Jan. 19.—The *Koelnische Zeitung's* report of the Reichstag proceedings yesterday shows the irritation prevailing in Germany over the censorship and other Government measures.

Deputy Dittmann, Socialist, complained about the suppression of Socialist attacks in the Reichstag against the regulations of the corn consumption. He said:

"Not only has the entire right of the Assembly been suppressed but individual Socialists have been forbidden any public action. Many are the victims of base denunciation. Others are simply shoved into the army, although they had been previously declared unfit for service.

"Army officers regard the annexation of conquered territory as a matter of course. Hence, the prohibition of all declarations concerning the war aims. And only voices which claim conquests are to be regarded as an expression of the 'will of the people.'

"We must destroy this pernicious mania. The nation is against the wild cries for conquest. Its voice must obtain a hearing. Abroad everywhere peace is desired, but everywhere the execution of the people's will is prevented."

Deputy Fischbeck (Progressive) demanded a modification of the continuous state of siege. He complained that the censor was trying to compel papers to print certain articles.

Deputy Stresemann (National-Liberal) complained that the public is often misled by prepared statements in the newspapers.

"Thus," said he, "we are allowed to hear only opinions friendly to Germany, so that we were startled as out of a dream when suddenly we saw facing us nothing but hatred, envy and hostility, even in the neutral countries.

"That in many respects the situation is bad with us, that we have great difficulties that England's blockade is effective in many respects—these things are known abroad from our own Government's arrangements so exactly that there is no need to hide anything.

"The Government should send speakers to tell the people not that everything is going well but that much is going ill, and that it is therefore their duty to assume the burden created by the situation."

N. Y. THEATRE MAN HELD BY BRITISH

Ike Rose, Vaudeville Agent, Taken From Liner—Called German Emissary.

PROPAGANDA IN TRUNK

Special Cable Despatch to THE SUN.

LONDON, Jan. 19.—Ike Rose, an American vaudeville agent, former husband of the dancer Saharet, was taken off the Holland-America liner Rotterdam at Falmouth last night and brought to London under suspicion of being a German agent. The Rotterdam is bearing the remnant of the Ford peace party back to the United States.

In addition to possessing three American passports, Rose carried an enormous trunk filled with parcels addressed to persons in every imaginable place in the United States, the West Indies and Central and South America, from the Atlantic to the Pacific coast.

The parcels for New York were addressed to M. B. Claussen, 30 East Forty-second street. They were found to contain complete sets of publications furthering German propaganda and printed in five languages. These included copies of Helfferich's "Prosperity in Germany from 1888 to 1915," dedicated to the Deutsches Bank, and also a volume by J. C. Guerrere, "The European war judged by a South American." Herr Helfferich is German Minister of Finance at present.

Various other publications in French, English and German and other languages were found, but the majority of the publications were in Spanish, showing that vigorous efforts are being made in Germany to spread German propaganda in Latin America.

Spies recently captured here have consisted mainly of South Americans, constituting one of the most difficult problems the intelligence authorities of England have to face.

If Rose is able to prove that he is a bona fide American he will be shipped back to the United States on the next steamship. The authorities consider that his antecedents in the United States are worth inquiry. The matter of his possession of three passports will be left to the American Embassy to handle.

In connection with Rose's detention the authorities reaped a large harvest among the other passengers from Holland, but none carrying documents as openly in their trunks as Rose. The censorship of incoming mail, the authorities assert, has already proved its value, for by it they have been enabled to grapple more effectively with German agents not only in England but elsewhere.

ROSE WEDDED DANCER.

Saharet Divorced Him—His Successor Sued and Won Freedom.

Isaac Rose or Rosenstamm has been a theatrical agent and burlesque manager for twenty-five years or more. When last heard of, eight months ago, he was exhibiting a pair of Siamese twins in Australia. Previous to that he had been with Al Woods in Germany, where Woods had moving picture houses and where Rose booked acts for Woods's circuit. It is not certain that Rose left Germany before the war began.

Under the name of Rosenstamm he married Saharet, a Spanish dancer, in Brooklyn in 1896. At that time Rose was her manager and had brought her to this country. Saharet had some vogue here. In 1912 she obtained a divorce from Rose in London, alleging he had deserted her in 1907. A year later she was divorced by Fritz von Frantzius, a German American broker and art connoisseur of Chicago, after a marriage that lasted three months. Three months later she was reported from Cincinnati as contemplating matrimony with her dancing partner.

DOESN'T KNOW ROSE.

Claussen Says Seized Trunk Probably Held Photographs of War.

M. B. Claussen said last night that he did not know any one named Ike Rose and never had heard of such a person. He said, however, that it would not surprise him if Rose had a package addressed to him.

"The word propaganda has taken on many meanings in this country," said Mr. Claussen. "There is a legitimate propaganda, offsetting the British control of the cable by sending out German news and pictures of news value.

"I am the agent here of the Trans-Ocean Company, a concern established by German merchants a year before the war to send to this country pictures of news value. At present those pictures may be war pictures, industrial pictures or current events pictures. I get photographs by mail constantly, not only from the company, but also from independent photographers and syndicates. I think it very probable that photographs composed the contents of Rose's package, although I never have received such things by messenger.

"The 'propaganda in five languages' probably is a booklet, 'The War in Pictures,' that is published in Germany for foreign distribution. The legends are printed in German, English, French, Spanish and Portuguese."

GERMANY WANTS OLD GOLD.

Appeal Says Unused Ornaments Would Help Empire's Finances

Special Cable Despatch to THE SUN.

LONDON, Jan. 19.—The German newspapers of January 16 contain a long appeal to the country to hand over gold ornaments to the Imperial Bank, which, the appeal says, will pay full value for them. The appeal asserts that gold is still flowing into the Imperial Treasury, but that it is necessary to prepare for an indefinite prolongation of the war and for the great demand for gold after peace comes.

"In practically every family," it says, "there are old gold ornaments, some damaged or broken, some not modern and no longer useful—of only a sentimental value—rings, brooches, chains, snuff boxes, necklaces, bracelets, tie pins, spoons, cups, candlesticks, &c., which have lain for years in drawers or chests and possess little more value than their actual weight in gold.

The frequent change in fashions has resulted in the accumulation of this idle capital at a fabulous rate. Tie pins are almost no longer worn; there are gold rimmed spectacles the shapes of which are out of date. The need of the hour is to make this hoard of metal, of a total value of many millions of marks, useful for the empire."

NEW BRITISH TAX PLANNED.

Conscription of Wealth Bill to Affect Wage Increases.

LONDON, Jan. 19.—Sir Herbert Raphael, Liberal member of Parliament for South Derbyshire, is promoting a conscription of wealth bill with the object of making available for war purposes such material resources of the nation as hitherto have remained untaxed or insufficiently taxed.

The proposal is for the levy of an income tax on savings bank interest, co-operative society dividends, pensions, trade union benefits and all wages in excess of those earned at August 4, 1914.

ARMY OF 210,000 MEN NEEDED NOW, SAYS WOOD

Continued from First Page.

training corps have been established already.

Drawing a parallel in this respect from England Gen. Wood counted the lack of officers as England's greatest difficulty at the outset of the war. By way of illustration he cited the case of a prominent Englishman whose son had been killed at the front and who made the bitter observation: "It was bad enough to have lost him. It was worse not to have given him half a chance."

Drawing another parallel from France when the German army crossed the frontier and started in its sweep toward Paris Gen. Wood said:

"If an untrained army had been called on to oppose Germany they would not have known what had hit them."

He was just as outspoken in condemnation of the idea that the European war will have exhausted the combatants and rendered them unequal to undertaking a war with the United States. At the close of the present war, he said, they would be in a more advantageous position than before. In support of this argument he cited the examples of Holland and Spain, which emerged from continuous warfare for more than 100 years stronger by far than before. Whichever nations emerged from the European conflict as conquerors, he said, would be inevitably much more powerful.

Paying for War to Come.

"They are now paying the bills," he said epigrammatically, "for any war to come afterward."

Gen. Wood ridiculed the assertion that the oceans are a protection to the United States. The European war, he said, had proved that water affords the best transportation for armies and to sustain his point cited the achievement of England in landing a fully equipped army of 128,000 men at Alexandria in one expedition of twenty-eight vessels.

Senator Thomas suggested that mines and submarines might be used to protect the shores of the United States.

"An army was landed at Gallipoli," replied Gen. Wood, "when it was surrounded by submarines and the sea was full of mines, and its shores were fringed with barricades of barbed wire for ten feet under water."

While Gen. Wood was giving his testimony Senator Cummins in the Senate was advocating the establishment of Government factories for making munitions of war. Gen. Wood characterized this proposal as little short of disastrous.

With all private plants supposed to be turning out extraordinary quantities of war munitions, he said, the United States even at present would be unable to supply itself in time of war; it would be helpless except in producing powder. The number of rifles now being turned out for foreign buyers would be insufficient for the United States in time of war.

England alone consumes more time fuses than possibly can be made in the United States at the present time. With all the speed that has been displayed in converting manufacturing establishments into munition plants and building new factories the high water mark of production in this country will not be reached, said Gen. Wood, for several months. Moreover, 92 per cent. of the munition plants are within a comparatively small area, described by the military experts as a vital area, on the Atlantic coast, most of them on the water's edge. If these regions were the first to be seized by invading forces the country would be helpless.

"Private plants should be utilized," suggested Gen. Wood, "as nuclei around which to build an industrial system for military uses. Some of these should be established in the Mississippi Valley and the far West. The maintenance of necessary supplies of raw materials should be carefully considered.

"Nations do not die from war," said Gen. Wood in advocating universal military service, "but from long periods of inactivity. It has been shown also that military training has resulted in an increase in general efficiency of from 15 to 20 per cent., a marked improvement in morality, a decrease of juvenile disorders and crimes and the development of a sense of individual responsibility."

19 AIR FIGHTS IN A DAY ON WESTERN FRONT

British Lose Two Fliers and Germans Five, Says London Report.

Special Cable Despatch to THE SUN.

LONDON, Jan. 19.—Aerial activity furnishes the chief interest in the reports from the western front to-day. French airmen bombarded Metz again last night, according to the German official statement, which says that "only material damage" was done. An aeroplane fell to-day southwest of Thiaucourt, southwest of Metz, the statement adds, one of its occupants being killed.

British aeroplanes attacked a German supply depot at Lesars, near Albert, on Monday. On the same day British aviators had nineteen encounters with German machines, five German machines being brought to earth and two British aeroplanes being lost.

Artillery duels and mine activity make up the rest of the reports.

The British official statement issued to-day says:

On January 17 our aeroplanes attacked an enemy supply depot at Lesars, northeast of Albert, causing considerable damage.

During the day there were nineteen air encounters, in which five enemy machines were driven down and two of our aeroplanes were lost.

On the afternoon of January 18 the enemy exploded two mines to the south of Fricourt, doing little damage.

To-day we successfully bombarded the hostile trenches at several points.

A party of our troops at dusk raided the enemy's trenches to the north of the River Lys and brought back several prisoners.

The enemy exploded a mine near the Hohenzollern redoubt and another in front of our trenches southeast of Cuinchy. No damage was done.

Hostile artillery was active northwest of Fromelles and east of Ypres.

A hostile aeroplane was brought down near Frelinghien by our fire.

The official communiqué issued by the French War Office to-night follows:

To the south of the Somme in the sector of Lihons an enemy blockhouse was destroyed by our fire.

Between Soissons and Rheims our trench guns seriously damaged the enemy works in the region of Ailles, to the west of Craonne.

In the Argonne we cannonaded moving troops in the region north of Courtes-Chausses.

In Lorraine artillery fire carried out against a group of houses occupied by the Germans near Altkircht, west of Chateau Salins, gave the best possible result.

Two German aircraft having thrown four bombs on Nancy during the night, one of our squadrons took the air at once and bombarded the railway stations at Metz and Arnaville. Twenty-two shells were thrown on the buildings, which were damaged.

The official communiqué issued by the French War Office this afternoon says:

There was an intermittent cannonade at various points in the course of the night. No event of importance was reported.

The German official statement follows:

On the Yser front a small German detachment entered an enemy trench and captured a machine gun.

There were mining operations on both sides on the front from the west of Lille to south of the Somme.

In the night enemy airmen bombarded Metz. Only material damage was done. An enemy aeroplane fell to-day southwest of Thiaucourt, one of the occupants was killed.

DYE USERS URGE COMPLIANCE.

England's Conditions on Lifting Embargo Not Met.

A committee was appointed yesterday at a meeting of representatives of organizations affected by the dyestuff situation to urge upon users of logwood chips and extract from Jamaica and British Honduras, which are being used for making dyes, the necessity for observing all the conditions imposed by Great Britain.

Great Britain recently raised the embargo upon the exportation from their colonies of these stuffs on condition that the supply from the United States to Canada be kept upon a reasonable basis. It had been reported that this supply had been curtailed by the American handlers of the articles.

David Kirschbaum, president of the National Association of Clothiers, presided at the meeting, which was held in the rooms of the Merchants Association.

The committee appointed to confer with the State Department and the British and German embassies reported that the State Department will reopen negotiations looking toward relief from the present situation.

AUSTRIAN OFFENSIVE AT GORITZ IS FAILURE

Italians Regain All Positions Lost in Recent Heavy Fighting.

Special Cable Despatch to THE SUN.

LONDON, Jan. 19.—The Austrian defenders of Goritz are continuing their attempts to dislodge the Italians from the positions on the heights to the northwest of the city without success, according to the Italian official statement issued to-day. An attempt to approach the Italian lines between Peak 188 and Oslavia was repulsed.

The Italian lines in this region, threatening Goritz, have withstood repeated Austrian attacks. Furthermore the trenches which had been taken from the Italians in the course of the various attacks have been recovered and the lines are now in the positions which they occupied before the beginning of the desperate Austrian attempts to dislodge the Italians and save Goritz.

The Italian official statement issued to-day says:

At Tolmino the enemy attempted to attack our trenches on the heights of Monte Santa Maria, but was repulsed, leaving thirty dead.

Between Peak 188 and Oslavia an enemy attempt to approach was repulsed.

The Austrian official statement says:

On the Italian front Italian detachments were repulsed near Lusern and north of the Tolmino bridgehead.

GERMAN LOSSES 2,535,768.

588,086 Killed During the War, Is British Estimate.

LONDON, Jan. 19.—German casualties during the war have totalled 2,535,768, according to a statement made by Harold J. Tennant, Parliamentary Under Secretary for War, in the House of Commons this afternoon.

His figures place the number of wounded and missing at 1,566,519, of killed at 588,086, and of prisoners at 356,153. In addition he stated 24,050 had died from other causes.

MISTRUST OF CHINA LED TO JAPAN'S SNUB

Minister to Pekin Explains Feeling That Closed Door to Financial Envoy.

PEKIN, Jan. 19.—A further explanation of Japan's refusal to receive Chow Hsueh-Hsi, the Chinese Minister of Finance, was forwarded to-day by Eki Hoki, Japanese Minister to China, to Lu Cheng-Hsiang, the Chinese Foreign Minister. It was caused, he said, entirely by the inflammation of public opinion.

The Japanese newspapers, he stated, had aroused the people by the general suggestion that the Chinese Minister's mission was not in regard to financial matters, as announced, but in regard to Japanese recognition of the new Chinese monarchy. As the people of Japan are bitterly opposed to this it seemed best to postpone the visit of the Chinese Minister until the hostile sentiment had died down.

The President's office here has announced that a number of servants and higher employees of the Imperial Palace arrested a few days ago in connection with an alleged bomb plot had been released because of lack of evidence against them.

Shanghai despatches deny the recent reports that the rebel forces in Yunnan have occupied the city of Suifu. Six thousand imperial troops, they say, are garrisoned there, while others are moving southward toward Hweilichow. Several skirmishes have been reported along the border of Yunnan and the province of Kweichow. Further garrisons of imperial troops are assembled at Sungkan.

Suifu is on the northern border of Yunnan, on the headwaters of the Yangtse River. Sungkan is 200 miles down the river to the east.

Yuan to Fight Rival Monarchists.

Special Cable Despatch to THE SUN.

LONDON, Jan. 19.—Reuter's Petrograd correspondent reports a Mukden despatch which states that a brigade of the Twentieth division of the Chinese Government troops is marching to Hulunchen to repulse Mongolian insurgents who have proclaimed the restoration of the Manchu dynasty.

Germany Cuts Butter Allowance.

BERLIN, via Amsterdam, Jan. 19.—The authorities announced to-day that butter cards would be issued in Germany shortly, limiting each individual to a quarter of a pound a week.

TO FORCE GERMANY TO PAY TON FOR TON

British Ship Indemnity Idea Is to Replace Lost Vessels or Get Cash.

LINERS HERE INCLUDED

"An indemnity of ton for ton for every British ship sunk by Germany must be paid by that country to Great Britain before a treaty of peace will end the present European war. If Germany cannot pay in cash, then her merchantmen now interned in neutral countries must be handed over to England."

The above in substance was the information received here yesterday from officials in England as to the indemnity that Great Britain will demand of Germany. It means in the last analysis that the Allies will require that Germany give up practically the greater part of the great merchant marine which she has built up since the Franco-Prussian war.

Persons in this city in a position to know the attitude of the British Government said that Great Britain does not intend to permit the German flag to fly again on any German merchant ship until that indemnity has been paid. The total tonnage of English ships sunk by German submarines so far is 1,000,000. Germany must pay in coin for the ships sunk or hand over the ships of the North German Lloyd and the Hamburg-American Line.

This decision has a direct bearing on America. It has a bearing on the question that has been raised regarding the purchase by the United States Government of the German merchant ships interned here. It is regarded as likely that the determination of the British Government has already been communicated to the officials of the United States in Washington.

If there is any further discussion of the proposal for the Federal purchase of the German ships, the question as to what would be the rights of the owners to those vessels, both during and after the war, will undoubtedly be raised, it is asserted by British representatives in this country.

Ship Problem Perplexes Britain.

LONDON, Jan. 19.—Walter Runciman, President of the Board of Trade, talked before the House of Commons today on the shipping question, which he characterized as one of the most important problems that confront the Government at the present stage of the war.

At first, he said, the Government contemplated commandeering the entire British tonnage in order to regulate freights. It had reached the conclusion, however, that such a step would only aggravate the shortage for the Allies.

Later the Government adopted a plan which it is now working out, he explained—that of requisitioning the right of procuring tonnage for carrying coal, military supplies and food. In this plan it was hoped that many ships would be released for general trade.

LINER SAILS AFTER DARK.

Nieuw Amsterdam's Passengers Had Baggage Searched.

The Holland-America Line steamer Nieuw Amsterdam got away from her pier in Hoboken last night after dark. She was the first steamer to leave this port since the customs officials adopted the new rule of searching all passengers' baggage before permitting it to go aboard.

Seven young men on their way to work for the Commission for Relief in Belgium sailed. T. St. John Gaffney, former United States Consul at Prague, was also a passenger. He is returning to Munich to get his wife. He will live here.

A Professional Woman

too absorbed in her Art to conserve the splendid income she has received for many years, has agreed to let us set aside a substantial part of her income as it accumulates, enabling us to invest it in sound, productive securities, pay her (or re-invest) the income therefrom as it accrues, and thus safeguard her against the imprudence of forgetting that some day her years will survive her Art.

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Why Germany Asks Reprisals

A sworn statement by James J. Curran