**WEATHER FORECAST.**
Fair and colder to-day; to-morrow fair, continued cold; fresh northwest winds.
Highest temperature yesterday, 45; lowest, 28.
Detailed weather reports on last page.

# The Sun.

IT SHINES FOR ALL

VOL. LXXXV.—NO. 113. NEW YORK, SATURDAY, DECEMBER 22, 1917.—*Copyright, 1917, by the Sun Printing and Publishing Association.* ONE CENT In Greater New York | Elsewhere TWO CENTS.

## FLYNN IS HYLAN VISITOR; LIKELY TO HEAD POLICE

### Secret Service Chief Closeted With Mayor-elect for Hour.

### NOMINAL REPUBLICAN

### Meeting Follows Conference Between Murphy and Incoming Executive.

### SECRET PACT REPORTED

### Pair Said to Have Agreed on 15 Appointments to Important Posts.

There is a strong probability that the next Police Commissioner of New York will be William J. Flynn, now chief of the United States secret service. He passed an hour with Mayor-elect Hylan yesterday at the latter's request, following a conference between Judge Hylan and Charles F. Murphy.

After the Hylan-Murphy talk it was said that Tammany and the Judge had come to an agreement upon the names of fifteen men who are to be appointed to city offices. Nobody was willing to admit that one of these fifteen was Flynn, but there are circumstances apart from the latter's visit to the Mayor-elect indicating that at least a tentative offer of the police job has been made to the secret service man.

After his interview with Judge Hylan at the latter's headquarters, 50 East Forty-second street, Flynn had nothing to say, and again last night he was mum as to any plan he might or might not be considering.

Judge Hylan saw newspaper men late in the afternoon, but after saying that he could answer no questions added, "I do not wish to give offence, but I simply cannot submit to catechism. I haven't the time; there is so much to do."

**Some Aspirants Scared Off.**

If there is one thing the Mayor-elect is bent on it is putting into the chair at Police Headquarters a man of his own choice. It has even been said that he has such strong convictions as to how the Police Department should be managed that certain men who might have aspired to that job as troublesome in the past have been frightened off by the fear that they could not be the real Police Commissioner if they got the appointment. Yet Judge Hylan's friends say that all he wants is to find a man who is big enough and honest enough to run the department properly, and that if he can get such an official he will leave him alone, subject, of course, to the supervision which a Mayor might be expected to exercise over a department head responsible to him.

Lewis Nixon, who had the backing of Mr. Hearst and is supposed to have been acceptable to Tammany as well, is regarded as definitely out of consideration on his own request. Tammany apparently has stuck to its purpose of not recommending any one for Police Commissioner but of trying to claim the right of veto in the case of a man preferred by Judge Hylan but not liked by the organization.

Much has been heard of Tammany's belief that a uniformed member of the department should be elevated to the commissionership; that this was the best way in which to gain the instant confidence of the force. In this relation Chief Inspector Dillon has been often mentioned.

But the best information yesterday was that Judge Hylan has been hearing a great deal about William J. Flynn lately, and all that he heard impressed him favorably. The fact that he invited Flynn to visit him seemed to indicate which way the wind was blowing.

**Flynn Is Hylan Republican.**

As THE SUN noted yesterday, Flynn is a Republican, although he voted for Judge Hylan, but if he ever did anything in any kind of politics except vote on election day the fact is not recorded. Even this mild exercise of Republicanism would count disastrously against him if any other post than that of Police Commissioner were involved in the discussion of his name, but even Tammany is willing to admit that bossing the police is not a partisan job.

Furthermore, Flynn's friends—who are doing all the boosting for him, for he is not lifting a finger for himself—have told Judge Hylan he could make no bigger hit with the public, could offer no better proof that his Police Department is going to be out of politics, than the appointment of such a Republican as Flynn. As the Judge himself is credited with intention to have an utterly unpolitical police administration, it is deduced that this argument fell in fertile ground. Anyway he sent for Flynn yesterday.

As chief of the secret service Flynn's efforts formerly were defined by law as detection of counterfeiters and guarding the President of the United States. About a year ago Congress removed this restriction and authorized the President to call upon the secret service for any help needed by the Government.

**Secret Service Gets Help.**

All these matters have always been nominally in charge of the Department of Justice, and recently the investigating branch of that Department was greatly enlarged, so that the pressure upon the secret service has been relieved.

Flynn has not said that he would consider leaving Washington, but from his readiness to talk with Judge Hylan about the Police Commissionership it may perhaps be assumed that under certain conditions he would be willing to do so. The secret service chief gets $4,500 a year, the Police Commissioner $7,500.

Thomas L. Carroll, formerly proprietor of the Hermitage Hotel, called on Judge Hylan to tell why he should be made First Deputy Police Commissioner. He is indorsed by Sheriff-elect David H. Knott, City Court Judge James A. Allen, County Clerk William F. Schneider, Senator James J. Walker, John M. Hylan, president of the National Democratic Club, and others.

## American Engineers Fought Hand to Hand

LONDON, Dec. 21.—The conduct of the American engineers at Cambrai was praised in a letter written by Gen. J. B. Seely, commanding a Canadian cavalry brigade, to Wilson Cross, vice-president of the American Chamber of Commerce in London, which was read to-day to the American Luncheon Club by F. B. Powell, the chairman.

"I am at home for a few days," Gen. Seely wrote, "and before returning to France I cannot help telling you of the extraordinarily gallant fight put up by a handful of American railway engineers during the second phase of the Cambrai battle. I happened to hear of it at first hand and the facts are worth recording.

"They were running their train forward at dawn and laying a line in front of it when they found themselves surrounded by Germans. No man thought of surrendering. Some fired with rifles to cover the retirement, and others fought hand to hand with crowbars and picks. Not one man of the party fell unwounded into the hands of the enemy."

## $190,000 IN BAD MONEY SEIZED

### Chief Flynn and U. S. Secret Service Sleuths Arrest Six Sicilians.

### ALL $10 RESERVE NOTES

### Counterfeiters Had Busy Plant at 495 West Broadway, Say Captors.

Big Bill Flynn, chief of the secret service, sat in his sanctum at the Custom House last night, his twinkling blue eyes barely showing behind and above a stack of bad money that a Russian wolfhound could not have bounded over.

The nonchalance with which he tilted his 250 pounds of meat and bone and muscle back and forth in his swivel chair and the aplomb with which he set fire to a cigar no bigger than a policeman's nightstick, testified to his satisfaction and peace of mind.

Along with Capt. Johnny Henry of the service and some brisk boys at their beck, Big Bill had let the wind out of as big a plot in counterfeiting as has come within his experience in some years. He had saved his Uncle Samuel the worry and expense that would have surely resulted if the six wily Sicilianos he captured last evening had been able to flood the country with $1,000,000 in Federal reserve $10 notes—the notes that bear the rugged features of Andrew Jackson. He had swooped upon the six in time to gather in their store of finished and unfinished bills, $190,000 in all; their expensive press and plates, and all of the rest of their neat equipment for bilking the hasty citizen.

**Change From German Spy Hunts.**

But the Chief gratulated modestly for another quite understandable reason, one apart from satisfied zeal in the public service. He felt, he said, exactly as a hardworking lawyer feels who comes across a snappy arson case after a long dry run of murders and burglaries. Flynn had been pursuing the German spy to his lair for so long that he had almost forgotten the joy of nabbing makers of the "queer."

"Here are their names," said Bill, who knows as well how to give a story to the papers as Tom Byrnes ever did, "I'll spell 'em for you. Take this one: Melchiore Gildolaurio—two words—of 148 West Houston street; Antonino—that means Little Tony, boys—Pullel of 180 Ocean avenue, South Beach, Staten Island; Giovan—not Giovanni, now—Battista Infantino of 11 Prince street, a jeweller—they stung him for $4,000 in real money; Salavtore d'Allesio of 16 Sixth avenue and Giuseppe Catella of 149 Bleecker street. Wait a minute, Henry just says they've brought in the other bird. His name is Antonio Suteria of 800 East 175th street. They are all locked up in downtown police stations and we'll arraign them before United States Commissioner Hitchcock in the morning by the bright light.

"We've been watching these fellows for just eight months," continued Flynn, blowing enormous clouds of smoke toward the ceiling and rocking in the swivel chair until it screamed in protest. Can't tell you how we got onto 'em, but we were on from almost the first day they began operations.

**Plant at 395 West Broadway.**

"Their plant was at 395 West Broadway, where they had set up a press weighing 2,000 pounds and where they had turned out $190,000 worth—in a way of speaking—of these papers you see here."

The chief grabbed a handful of sheets, each sheet containing two of the counterfeit $10 certificates, and rippled them through his big fingers.

"They are only fair work as you see. Andy Jackson wouldn't have been pleased at the chromo they have made of him, but the work was good enough to fool a lot of unthinking, hasty folks. They used the zinc etching process and some of the lines they achieved were not bad at all.

"We let 'em mosey along until this afternoon late, when we saw signs that they were about to begin shipping to correspondents about the country. Their plan was to sell the stuff in $1,000 lots, getting 35 cents on the $1; the buyer to take the risk of 'shoving' for a 65 cent. profit. So this afternoon we lit into 'em, going first to the plant in West Broadway, where we nabbed Signor Gildolaurio and $150,000 worth of finished and unfinished bills. Then we picked up Signor Pullel and the other signors here and there, also getting $40,000 more in finished bills. We got the goods, the men and the evidence and I'm about to call it a day.

"What tickles me most," added the Chief, "is that not one of the bills got into circulation. In these counterfeiting jobs a dime's worth of prevention is worth a dollar's worth of cure. Sure. You betcha!

"It was pretty good fun, too. Hadn't had a good phoney money case in two years. It's funny, but counterfeiting has been dead for two years in this country. Then, all of a sudden, up she starts again. It's all in a lifetime."

## MISFIT SHOES FOR ARMY MEN; NO OVERCOATS

### Equipment for 200,000 of First Lot Called Under Draft Law Lacking.

### SHARPE TELLS DEFECTS

### Even Soldiers in France Had Lightweight Coats and Some No Blankets.

*Special Despatch to* THE SUN.

WASHINGTON, Dec. 21.—Far from being ready to equip a second increment of the draft army, it was disclosed by the Senate investigating committee to-day, with Quartermaster-General Henry G. Sharpe before it, that the War Department has been unable to equip the last 15 per cent. of the men drawn in the first increment of 687,000 men.

It was developed by the committee also that much of the delay and confusion in the War Department was due to the fact that although the country is engaged in the greatest war of history red tape methods which have survived since the civil war still hold sway.

In answer to questions from the committee members Gen. Sharpe said that in order to have anything passed on emanating from his particular branch of the department it was necessary for it to go to the Adjutant-General, thence to the Chief of Staff, from there to the War College, and thence back by the same circuitous route to his desk again, with approval or disapproval of the plan, whatever it may be, having been placed on the document somewhere on its journey.

"By that time the war would be over," Senator McKellar (Tennessee) interjected.

**Overcoats Not Warm Enough.**

In Gen. Sharpe's testimony it was disclosed also that thousands of American soldiers went to France with overcoats 27 per cent. lighter than those adopted as standard after years of experience in trench fighting by the British and French armies.

It was shown conclusively also that several thousand American soldiers were in misery for weeks, having been supplied with neither blankets nor overcoats.

Except for overcoats and a few other winter garments, of which Gen. Sharpe testified complete stocks would be in camp by December 31, the General declared there is no clothing shortage.

Shoes were another item on which the supply branch of the War Department fell down, it was shown at the hearing. A large percentage of the American troops were equipped with shoes too short for them, and some got none. As a result their training has been retarded materially and their comfort absolutely gone.

Gen. Sharpe said the average drafted man of the National Army has proved to be so much larger physically than the regulars and guardsmen, with whom the Department has had to deal in the past, that many of the shoes and overcoats as well have proved useless. Manufacture of the smaller sizes has been stopped, but the situation resulted in some hardships for the drafted soldiers before it could be corrected.

**Had to Double Up on Shoes.**

It was brought out that at one camp half of the soldiers went to the target range for small arms practice while the balance of the troop had to wait until the first half returned and gave them their shoes before they could take their turn at the targets. This occurred at Camp Custer, Mich.

Gen. Sharpe told in detail of the vast task of supplying the expanded war army. He said he authorized thirty day service equipment for 1,000,000 more men in February and March, and for another 500,000 men in June. Orders aggregating many millions of dollars were placed before the war and without authorization of a dollar by Congress. By December 31, the General said, complete supplies for 1,078,000 men would be on hand.

Explaining how the supply situation delayed the draft, he told of the Department's desire to call out all of the first 687,000 men in September until he showed it would be impossible to equip them. He recommended an initial call of 100,000 men, but more than 300,000 were called, although the Department knew clothing supplies would be somewhat short. He approved this action, for

*Continued on Third Page.*

## "God Bless the Fund," Writes a Soldier Boy

SEVERAL heartfelt messages of thanks to THE SUN TOBACCO FUND contributors appear on page 8 this morning. One soldier writes after receiving smokes: "All the boys said 'God bless the man that sent those.'" Says another: "A good smoke of American tobacco does wonders for a tired and homesick soldier."

Have you yet to buy a Christmas gift for father, husband, son, brother, sweetheart? Go to Lou Freedman's haberdashery, almost next door to Rector's. You are likely to find the very thing there. And, besides, you will help the fund, for a percentage of the gross receipts comes to the tobacco cause.

If you have cigars, cigarettes, tobacco to buy, go to a United or Schulte store and when you have made a purchase deposit your certificates in the fund box. Then when you have smoked you will be helping the soldiers to smoke, too.

WARNING! THE SUN TOBACCO FUND has no connection with any other fund, organization or publication. It employs no agents or solicitors.

## DRASTIC CONSCRIPTION PLAN IN ENGLAND MAY DRAFT 250,000 IRISH

### Sir Auckland Geddes at Work on System—Lists to Be Combed for Industrial and Military Man Power.

*Special Cable Despatch to* THE SUN.
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LONDON, Dec. 21.—Measures are being formulated to increase greatly the available military and industrial man power through a rigorous combing out of the lists. Sir Auckland Geddes, Director of National Service, is expected to announce forthwith the details of a scheme which is understood to be drastic.

It is not expected that the military age will be raised, but severe measures are provided for transferring men from civil to military pursuits and reorganizing largely the industrial fabric of the nation by suppressing the non-essential trades and transferring workers, male and female, to occupations regarded as absolutely necessary in a military sense.

The scheme probably will be submitted to Parliament at once. Whether the Government has decided not to attempt to apply conscription to Ireland is not known, but it is reported that this is not a part of the immediate programme despite the rapidly increasing demands from all parties and sections of Great Britain that universal service shall be enforced in Ireland at once.

It is estimated that easily a quarter of a million men of the highest military qualifications will be available whenever conscription is extended to Ireland. An added argument in favor of this step, recently adduced by a number of Irish soldiers, is that the application of conscription to Ireland would insure the suppression of the Sinn Fein and do more than anything else to bring Ireland into sentimental unity and sympathetic understanding with the remainder of the empire, bringing about ultimately a permanent and satisfactory solution of the Irish question.

There are rumors everywhere in political circles that a general election is imminent because the proposed man power plan is so drastic that the Government may feel unable to enforce it without an appeal to the country.

## BRITISH APPEAL FOR MAN POWER

### London "Times" Urges England to Be Reconciled to Fresh Sacrifices.

### BURDEN ON TRADE UNIONS

### Answer to Empire's Needs Rests Largely With Them, Says Paper.

*Special Cable Despatch to* THE SUN *from the London Times.*
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LONDON, Dec. 21.—Discussing the speech yesterday by Premier Lloyd George in the House of Commons on the war aims of Great Britain and the urgent need for more men, the *Times* says that the next few weeks are likely to be the worst of the war. It continues:

"We must all make up our minds to fresh sacrifices, first of all to fresh sacrifices in man power. The defection of Russia and the demand of the Italian campaign impose an unforeseen drain upon our armies. Are we going to meet it?

"The answer rests largely with the trade unions. Premier Lloyd George took to himself the fullest share of responsibility for the pledges given to them early in the war. He says frankly it was right to give them and he was just as responsible for giving them as Premier Asquith or Labor Minister Henderson, but the pledges were not and could not be absolute; there might be conditions under which every man in the country must come out and defend it.

"When he was in office Mr. Henderson had the wisdom and courage to realize this and to state frankly that no absolute guarantee was possible in a great war. The time has now come when the Government must ask a new consideration of these pledges.

"The need of men is imperious. Russia has gone out of the war; America is not well in. We hold the gap. We have been sending back men to hold it who have been seriously wounded three or four times over. That is a deplorable necessity, a flagrant contradiction of the whole theory of equal sacrifice, but it must continue to extend unless labor is ready to give its fellows in the lines the support which is essential for their safety and ours.

"The Government has resolved wisely, in our opinion, to take the trade unions into its confidence before it asks the House of Commons for fresh powers. It is bitterly disappointing to all of us who realize the urgency of the military situation that no progress in providing the man power which is essential should be made before Christmas. Serious as the delay must be in a matter of such vital moment, it may be more than compensated in the result if by such delay the good will and support of the whole people are insured for this necessary sacrifice."

## 500 BLINDED AT HALIFAX.

### Red Cross Official Says 1,000 Injured Are Still in Hospitals.

BOSTON, Dec. 21.—John F. Moors, head of the American Red Cross unit which went from Boston to Halifax immediately after the disaster there, December 6, reported on his return here to-day that nearly 1,000 wounded persons are still in hospitals and that the cases of total blindness may reach 500.

Mr. Moors said the Halifax authorities had made great headway in bringing conditions back to normal and in providing for the destitute, whose homes were wrecked and burned by the explosion of the ammunition ship.

## ANGER REVEALS SUGAR THEFT.

### Grocer Aroused on Seeing Thieves Get 1,500 Pounds.

F. Heddier of 59 Columbia street, Brooklyn, was only mildly interested yesterday when a truck stopped in front of the home of Albert Ingrasia at No. 71. But when he saw what two men were unloading from it he got angrier and angrier. Finally he went to the telephone and called up the R. C. Williams Company of Manhattan, to which the truck belonged.

"Why in blazes is it that I, a grocer, can't get sugar when you are delivering 1,500 pounds in hundredweight bags to a private home?" he demanded.

"We haven't made any such sale," the Williams Company replied.

The Sixth Detective Branch was notified and the upshot was that Ingrasia and George Thompson of 935 East 163d street, The Bronx, were arrested and held in $2,500 bail. The driver of the truck says he was offered $2 by Thompson if he would haul the sugar to Ingrasia's home from Pier 12. It is asserted the sugar was part of a fifteen ton shipment to the Loose-Wiles Biscuit Company in Boston.

## MOBS QUELLED IN BUENOS AYRES

### Mounted Patrols Disperse Crowds Who Demand Rupture With Germany.

### LUXBURG EXPOSE RESULT

### "La Patria" Perplexed by Defence Offered by President Irigoyen.

BUENOS AYRES, Dec. 21.—As the result of the publication of the telegrams sent by Count von Luxburg, the former German Minister, to the Berlin Foreign Office it again has been necessary to call out mounted patrols to disperse crowds of people who demanded a rupture of relations with Germany.

The mob, which was shouting "Long live the Republic!" and "Death to President Irigoyen!" was dispersed after a fight with the mounted police in the Calle Florida.

Heavy guards again have been placed over the property owned by Germans in the city and mounted men also are guarding the office of the newspaper *La Union*, for which Count von Luxburg obtained a subsidy.

In political circles certainty is expressed that Congress will demand explanations from the Government regarding the state of affairs as exposed by the von Luxburg telegrams. The general belief is that the publication of the documents will lead to new demands for the severance of relations with Germany, Congress having already refused to sanction the budget appropriation, for continuing the Argentine Legation in Berlin, which was insisted on by the organs of President Irigoyen.

Street comment indicates that the public is not satisfied with the Government's statement which accompanied the publication of the von Luxburg telegrams.

*La Patria Degli Italiani*, in commenting on the publication by the Argentine Government of the secret diplomatic telegram of Count von Luxburg, the former German Minister to Argentina, says:

"We would like to believe the Government's note introducing the telegrams, but its words of to-day do not agree with the facts of yesterday. The Government answers the telegram with simple affirmations and without proofs. No one can deny the facts of the last months."

The newspaper then says:

"Count von Luxburg assured Germany of President Irigoyen's friendship, which has been confirmed by his patience in awaiting the Toro note until August 28. Von Luxburg speaks of the agreement with Irigoyen, in which it was specified that no more Argentine ships should sail for the war zone, and it is a fact that since August 28 the Government has impeded and often refused clearing any vessel carrying the Argentine flag, and nothing more has been said of the Oriana sinking.

"It also is true that in October this Government proclaimed its friendship for Spain and Japan, as predicted by Von Luxburg on August 18. If the telegrams are false, Von Luxburg at least divined the events which later happened and many international circumstances occurred as he predicted.

"Argentina tried to prevent the visit of the American squadron and the public wondered why. Von Luxburg explains to his Government the repugnance of Irigoyen toward Americans and the English. Fernando Saguier went to Bolivia and Chile apparently on a visit of courtesy, but Von Luxburg explains that 'friend Saguier' was embodied with ample powers to arrange a secret agreement against the United States.

"Von Luxburg now is without authority from both Germany and Austria, although Germany gave him confidential instruction after those most notorious telegrams, and Argentina, after giving him his passports, permits him to remain undisturbed in the country.

"Why? His friends say it is because Argentina knows that he can reveal further scandals when he reaches Berlin. This contradiction between the words of the Government to-day and its acts of yesterday perplexes us."

## QUESTIONNAIRES LAG.

### Adjutant-General Fears Registrants Fail to Understand.

The following statement was given out last night from the New York draft office of Adt.-Gen. Sherrill:

"Questionnaires are coming in too slowly. From information received to-night it is feared registrants may not understand that one and all must fill in and return the questionnaires within seven days from December 15, the day of mailing.

"There are no exceptions to this rule—not even men discharged or exempted under the first draft."

## SENATORS HEAR HOW SHIP WORK WAS RETARDED

### Chairman Hurley and John A. Donald of Shipping Testify at Inquiry.

### ONLY ONE VESSEL BUILT

### 20 Lost by Delay—Contracts Let for 5,310,100 Tons—74 Yards Ready.

*Special Despatch to* THE SUN.

WASHINGTON, Dec. 21.—The troubles, trials, failures and future of the United States Shipping Board charged with the work of building the emergency war time merchant fleet were laid bare today in the first session of the Senate sub-committee investigating the board. E. N. Hurley, chairman of the board, and John A. Donald, a member, appeared before the committee. These facts were developed:

Only one ship has been started and finished for the Government's merchant fleet since the formation of the Shipping Board and the Emergency Fleet Corporation.

That private shipbuilders with Government contracts for wooden ships had the plans and specifications for the vessels changed while in the process of building the vessels.

This change in design cut down the cargo carrying capacity of the ships about 700 tons each and will make a difference in the total cargo carrying capacity of the fleet when completed of a quarter of a million tons.

That some great lakes shipbuilding concerns which were asked to extend their plants to handle Government shipbuilding during the war were refused any system of amortization despite the fact that the extensions would be of no value to the companies after war, as the plants are ample to handle the ordinary shipbuilding on the lakes in normal times.

**Twenty Ships Taken Away.**

That twenty completed ships were allowed to go to foreign owners before the commandeering order became effective and possibly others.

That seventy-four new shipyards have been built because of the emergency and the fact that the navy is utilizing to a large extent the larger established yards for its programme.

That forty-two of these yards were built where there "was not so much as a homestead shack."

Labor, shortage of cars for transportation of materials and shortage of materials in the order named are the chief causes for the delay in the ship programme. Chairman Hurley declared these obstacles almost had been overcome.

That the price for steel ships a ton prior to the war was about $60 here and only $40 in England, but that the price here now is about $166.

That any delay caused by controversy between the Shipping Board and the private shipbuilders over the question of profits had been altogether eliminated.

That the retirement of Admiral Capps as general manager of the Emergency Fleet Corporation and of Admiral Harris, his successor, from the same position was not due solely to "ill health," but that Capps desired more authority than he possessed and that Harris was "unsatisfactory."

**Investigation Welcomed.**

To begin with Mr. Hurley, who first went before the committee, made a lengthy statement explaining the situation as it is at present. He declared that the Shipping Board welcomed thorough investigation of its accomplishments.

"When Admiral Capps and I joined the Emergency Fleet Corporation on July 27, 1917, there were under contract 840,900 tons of wooden ships, 207,000 tons of composite ships and 587,000 tons of steel ships," he said. "Since then additional contracts amounting to 3,378,200 tons of steel ships and 504,000 tons of wooden ships have been placed. In addition the fleet corporation has rendered financial aid to and is directing the work of extension and development in forty-two yards. The remaining new yards are being constructed by capital.

"A portion of the contracts placed since July 27 were prepared and practically closed by our predecessors. It must be borne in mind that this vast programme of construction undertaken in the last nine months was superimposed on a navy programme which was the equivalent in dollars and therefore in shipbuilding effort of the construction of 2,500,000 tons of merchant shipping.

"The navy programme and private contracts absorbed practically 70 per cent. of the eighteen prominent yards in existence at the beginning of the war with Germany, the remaining 30 per cent. of these yards being taken up with the construction of merchant shipping for both foreign and American account, which was requisitioned under the order of August 3. This tonnage is now being completed under the supervision and control of the Emergency Fleet Corporation.

**A Tremendous Undertaking.**

"When we compare the total tonnage under construction for both the navy and the Shipping Board with the greatest annual output of American yards prior to the war, which Mr. Homer Ferguson in a recent article puts at 615,000 tons, some conception of the magnitude of our undertaking will be had."

Mr. Hurley explained that the Emergency Fleet Corporation is at present controlling work in 132 yards, of which fifty are old yards.

The first contract was let on April 27 last, Mr. Hurley said, and since then the total of contracts let has amounted to 146, calling for 996 vessels of 5,817,100 tons. The completion of newly organized plants for fabricated and other ships has cost, up to December 1, Mr. Hurley said, $9,651,000.

"The fact that hulls have actually been completed within sixty-four days on the Pacific coast," Chairman Hurley said, "gives bright promise of the large capacity which the fabricated yards are bound to turn out. I am mentioning this largely to indicate that the work thus far has been in many cases preparatory and that it has carried with it the usual amount of annoyances and disappointments, but

*Continued on Second Page.*

## Russian Peace Envoys Recalled From Parley

*Special Cable Despatch to* THE SUN *from the London Times.*
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LONDON, Dec. 21.—The Petrograd correspondent of the *Times* telegraphs that the Russian peace delegation was recalled from the conference with the German delegates at Brest-Litovsk when the Germans refused to accept the Russian terms.

## UKRAINES JOIN WITH COSSACKS

### 800 Red Guards Slain and 1,000 Wounded in Rostov's Capture by Dons.

### RUSSIAN CRUISER SUNK

### Mobs Plunder Homes of Rich in Petrograd in Search for Liquor.

LONDON, Dec. 21.—The Rada, the governing body of the Ukraine, apparently is maintaining its determined stand toward the Bolshevik Government. It is reported that it has converted its sympathies with the movement of Gen. Kaledin, the Cossack leader, into a definite alliance.

Advices received from Russia are to the effect that the Bolshevik Commissioners after receiving the Rada's rejection of the Bolshevik ultimatum, sent another one, giving the Ukraine Rada a further forty-eight hours in which to reconsider its refusal to acquiesce in the demands of the Bolshevik Government.

Another report received here says that Odessa now has definitely gone over to the side of the Ukraine. According to details of the capture of Rostov-on-Don, printed in Petrograd, there were six days of fighting before the Cossacks entered the town last Saturday. The Red Guards lost 800 men killed and 1,000 wounded in the fighting.

The Cossacks gave short shrift to the Red Guards, whom they hate. The Bolshevik chiefs fled from the town on board warships. The cruiser Kolchida grounded in the river and was destroyed by the Cossack artillery.

**Town of Bolgrad on Fire.**

There has been no important fighting at Nakhitchevan, Province of Don, where the Bolshevik troops have fraternized with the Cossacks. A clash has occurred between the Bolsheviki and Ukrainians at Bolgrad, Bessarabia. The town is on fire.

The Terek and Kuban Cossacks are reported to be experiencing trouble in their own territories, the hill tribes of the northern Caucasus having risen. It also is said that some of the Cossacks in the Don territory are dissatisfied with their leaders and are being won over by the propaganda of the extremists.

Combating reports in circulation that the Bolshevik Commissioners have refused to convene the Constituent Assembly, Moses Uritzky, Commissioner for Elections to the Assembly, has issued a manifesto in which he gives assurances that the Assembly will be summoned as soon as the 400 Deputies have registered themselves at his bureau.

**Homes of Rich Plundered.**

It is said that a great quantity of valuable property has been taken from houses of the rich in Petrograd by the mobs that have been searching for liquor. Among the buildings sacked is the palace of Grand Duchess Marie Pavlovna, widow of Grand Duke Vladimir. Special despatches say that the plundered people are absolutely without redress.

The Entente allied Powers, according to the *Vossische Zeitung* of Berlin, on December 10 accredited legations to the Government of the Ukraine.

A Petrograd despatch says the British, Danish, French and Belgian Consuls have visited Leon Trotzky, the Bolshevik Foreign Minister, and arranged to exchange with Russia courtesies to official couriers.

## KALTSCHMIDT CONVICTED.

### Four Others Guilty of Conspiracy—Respa Acquitted.

DETROIT, Mich., Dec. 22.—Albert C. Kaltschmidt was convicted on all three counts of an indictment charging conspiracy against the United States by a jury in United States District Court here early this morning.

Four of the five others who have been on trial with him also were found guilty on one or more counts in the indictment. Franz Respa was acquitted.

## MICHIGAN TO CLOSE FACTORIES.

### Step Necessary Because of Shortage in Fuel.

WASHINGTON, Dec. 21.—Fuel supplies in Michigan have reached such a low ebb that Administrator W. K. Prudden to-night asked manufacturers in that State to suspend operations of industrial plants from midnight to-morrow until midnight December 29. The only exceptions are factories making war munitions needed for prompt shipment.

## QUEBEC'S SECESSION PROPOSED IN MOTION

### Opposition to Draft Mentioned as the Cause.

QUEBEC, Dec. 21.—A proposal that the Province of Quebec secede from the confederation of Canadian provinces was expressed in a motion introduced into the Provincial Legislative Assembly today by J. N. Francoeur, deputy for Lotbiniere. Quebec is the only province which voted against conscription at the recent election.

The motion will be debated on January 8. It follows:

"That this house is of the opinion that the province of Quebec would be disposed to accept the rupture of the Federation pact of 1867 if, in the opinion of the other provinces, it is believed that the said province is an obstacle to the union and the progress and development of Canada."

## KAISER REJECTS PEACE TERMS OF THE BOLSHEVIKI

### Russ Delegates Said to Have Left Brest-Litovsk After Quarrel.

### MAY NOT END PARLEY

### Germany Reported to Have Demanded Release of Former Czar.

### RUMORED HE IS FREE

### Austria to Send Troops to West Front, Says "Frankfurter Zeitung."

*Special Cable Despatch to* THE SUN.
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LONDON, Dec. 21.—Germany has rejected the first peace terms proposed by the Bolshevik delegates, according to reports from Petrograd received here today, and the Russian delegates are reported to have left Brest-Litovsk. One rumor says that there was a quarrel when the Russian terms were treated by the Germans in a contemptuous way.

Failure to agree at what was practically the first conference of peace delegates is not regarded here as particularly significant. Germany obtained all she wanted at the moment when she succeeded in getting the twenty-eight day armistice and the opportunity to shift all her fit troops to the western front. The armistice runs until January 14 and extends itself automatically unless terminated by seven days notice.

**Every Method of Intrigue.**

The Germans are employing every means of intrigue and corruption to demoralize the Entente Powers and induce one or more nations besides Russia and Rumania to join in the armistice, hoping thus to insert a wedge which presently will force all the Allies to enter the peace discussion.

One report received here, based on a statement in the *Evening Post* of Petrograd, asserts that the German delegates had demanded the release of the former Emperor of Russia as one of the peace conditions, and that this had been refused by the Russians, who declared they had no authority to make such a decision. Still another rumor was that the former Czar and his family already had been released.

The reply of Imperial Chancellor von Hertling to Premier Lloyd George's speech at Grey's Inn is interpreted by the German press as equivalent to a declaration that the German Government absolutely refuses to consider peace negotiations with England so long as Lloyd George is Great Britain's Premier.

**Had a Contrary Effect.**

This statement has had a result precisely opposite to its intended purpose, which was to weaken Lloyd George in the confidence of the British. Instead it has strengthened him.

The *Frankfurter Zeitung*, discussing the peace negotiations, says:

"Field Marshal von Hindenburg and Gen. von Ludendorff will use elsewhere the forces realized in the east. Count Czernin has assured Germany of Austria's military assistance against France and England. We have one hand free and the will to use it. The western Powers are now under the pressure of our armies and also of the peace negotiations.

"Both the military pressure and the German policy must be strong as possible if we are to force the western Powers to negotiate. The task of the German statesmen in the coming weeks will be greater and more critical than ever before."

### *NEWS IS UNCONFIRMED.*

**Reported Break in Peace Parley Is Unofficial.**

LONDON, Dec. 21.—It has been impossible thus far to confirm the unofficial report from Petrograd that the Germans have rejected the peace terms of the Russians, but a long despatch from the Russian semi-official news agency reveals that the Bolsheviki realized how far apart were their ideas from those of the Germans.

The despatch is an appeal to the Socialists of the Central Powers to bring their influence to bear on their rulers. It says that the Socialists in all countries must understand that "between the peace programme of the Workmen's and Soldiers' Delegates and the peasants delegates and that of the German capitalists, landowners and military Generals, there are irreconcilable contradictions.

"If those two programmes alone brought us face to face peace would be impossible, because the Russian people have not dethroned the monarchy and the bourgeoisie of their own country only to bow down before the monarchy and the bourgeoisie of another country.

"Peace only can draw near when the strong and decided will of the workers of Germany and her allies makes itself heard."

### *APPROVED BY REICHSTAG*

**German Plans Submitted to Political Parties.**

AMSTERDAM, Dec. 21.—Count von Hertling, the Imperial German Chancellor, yesterday received in Berlin representatives of all the Reichstag parties with whom he had a confidential discussion on the situation caused by the opening of peace negotiations with Russia. The Chancellor announced, according to a Berlin official despatch, that the Emperor had authorized him to conclude peace, and he had charged Dr. Richard von Kuhlmann, the German Foreign Secretary, to conduct the negotiations. The Government's plans for future negotiations were reviewed by the Chancellor, and all the Deputies are said to have approved the guiding lines laid down.

According to the newspapers the Independent Socialists were represented at the meeting by Deputy Haase. This is the first time since the foundation of the party that it has had direct intercourse with the German Government.

Dr. von Kuhlmann, with an important staff of officials, left Berlin yesterday