

German Reply Is Received; New Submarine Orders Given

Will Modify Submarine Warfare to Meet Ideas of U. S.---Hopes and Expects U. S. Will Obtain From England Agreement to Modify Blockade So That Teutons "Will Not Be Starved Into Ignominious Submission."

The reply of Germany to the last note of the United States on the subject of submarine warfare was received by the State Department today. It announces that the following order has been issued to submarine commanders:

"In accordance with the general principles of visit and search and the destruction of merchant vessels recognized by international law such vessels, both within and without the area declared a naval war zone, shall not be sunk without warning, and without saving human lives unless the ship attempts to escape or offer resistance."

The note was delivered to Ambassador Gerard in Berlin yesterday afternoon during a call of the latter upon Foreign Minister von Jagow, and was issued for publication last night in Berlin.

The note sets forth that doubt exists in the minds of the German naval authorities that the Sussex was torpedoed by a German submarine, and asks for more time to clear up that question.

WANTS BRITAIN'S BLOCKADE MODIFIED.

In regard to the general submarine issue and the relation of submarine warfare to neutral shipping, Germany recites that she has been willing to conduct this warfare to meet the ideas of the United States if the United States obtained from Great Britain an agreement to conduct the blockade of Germany in such a manner that "thousands of innocent women and children will not be starved into ignominious submission."

The note declares that the German people regard the United States as having discriminated against Germany in that it has demanded, on pain of a break of relations, a suspension or material modification of submarine warfare, while merely protesting to Great Britain against the blockade methods of that country, designed to starve Germany into submission. Nevertheless, Germany says, it will go to the utmost limit of concessions, out of friendship lasting 100 years, to avert an extension and prolongation of the war.

FIRST PORTIONS OF NOTE DISAPPOINTING.

The first portions of the German note were read by officials here with undisguised disappointment. The tone of these first portions was of such a character that some officials feared a break in diplomatic relations.

The unofficial copy was sent to President Wilson as rapidly as it was received by wireless. He had no engagements today outside of the cabinet meeting, which was expected to be devoted almost exclusively to the German situation.

No action will be taken until the official text of the note has arrived here and has been studied by the President and Secretary Lansing. The President has already discussed with his cabinet the steps to be taken in case the note was found to be unsatisfactory.

The official text is expected to be here before Sunday, the anniversary of the sinking of the Lusitania. It was generally expected that whatever action is taken by the American government probably will come on that day.

The President has already informed Congress of his intention to break relations with Germany in case her reply is unsatisfactory, and, therefore, it is believed he has decided not to go before Congress again before taking the action.

TEXT OF THE GERMAN ANSWER TO U. S. NOTE ON SUBMARINES

BERLIN, May 5, by wireless via St. Louis, N. Y.—Following is the text of the note of the German government in reply to the American note respecting submarine warfare, delivered on Thursday by Gottlieb von Jagow, the foreign secretary, to Ambassador Gerard.

"The undersigned on behalf of the imperial German government has the honor to present to His Excellency, the ambassador of the United States, Mr. James W. Gerard, the following reply to the note of April 29, regarding the conduct of German submarine warfare.

"The German government cannot

use. Should it turn out that the commander was wrong in assuming the vessel to be a man-of-war, the German government will not fail to draw the consequence resulting therefrom.

"In connection with the case of the Sussex the government of the United States made a series of statements, the gist of which is the assertion that the incident is to be considered but one instance of a deliberate method of indiscriminate destruction of vessels of all sorts, nationalities and destinations by German submarine commanders.

Repudiates U. S. Accusation.

"The German government must emphatically repudiate the assertion. The German government, however, thinks it of little avail to enter into details in the present stage of affairs, more particularly as the government of the United States omitted to substantiate the assertion by reference to concrete facts.

"The German government will only state that it has imposed far-reaching restraints upon the use of the submarine weapon solely in consideration of neutrals' interests, in spite of the fact that these restrictions are necessarily of advantage to Germany's enemies. No such consideration has ever been shown neutrals by Great Britain and her allies.

"The German submarine forces have had, in fact, orders to conduct the submarine warfare in accordance with the general principles of visit and search and the destruction of merchant vessels recognized by international law, the sole exception being the conduct of

warfare against enemy trade carried on enemy freight ships encountered in the war zone surrounding Great Britain. With regard to these no assurances have ever been given to the government of the United States. No such assurances are contained in the declaration of February 8, 1916."

"Errors Are Unavoidable."

"The German government cannot admit any doubt that these orders were given or are executed in good faith. Errors actually occurred. They can in no kind of warfare be avoided altogether. Allowances must be made in the conduct of naval warfare against an enemy resorting to all kinds of ruses, whether permissible or illicit.

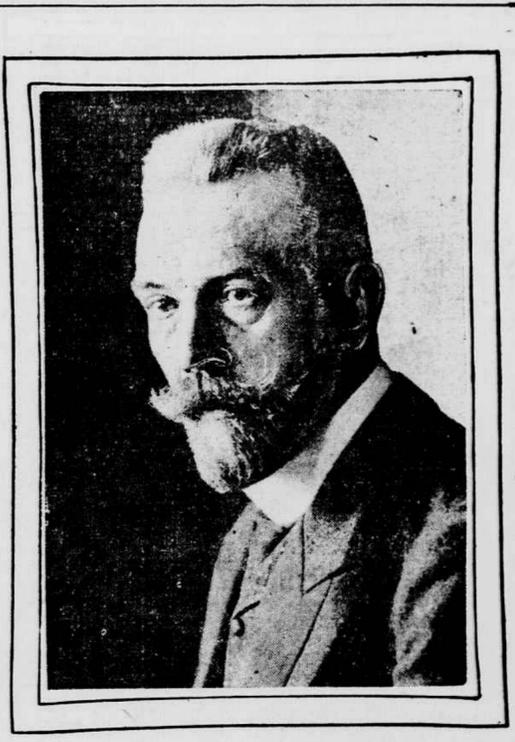
"But apart from the possibility of errors, naval warfare, just like warfare on land, implies unavoidable dangers for neutral persons and goods entering the fighting zone. Even in cases where the naval action is confined to ordinary forms of cruiser warfare, neutral persons and goods repeatedly come to grief.

"The German government has repeatedly and explicitly pointed out the dangers from mines that have led to the loss of numerous ships.

"The German government has made several proposals to the government of the United States in order to reduce to a minimum for American travelers and goods the inherent dangers of naval warfare. Unfortunately, the government of the United States decided not to accept the proposals. Had it accepted the government of the United States would have been instrumental in preventing the greater part of the acci-



JAMES W. GERARD, United States ambassador to Germany.



DR. VON BETHMANN-HOLLWEG, German imperial chancellor.

dents that American citizens have met with in the meantime.

Willing to Stand by Offers.

"The German government still stands by its offer to come to an agreement along these lines.

"As the German government repeatedly declared, it cannot dispense with the use of the submarine weapon in the conduct of warfare against enemy trade. The German government, however, has now decided to make a further concession, adapting methods of submarine war to the interests of neutrals.

"In reaching this decision the German government is actuated by considerations which are above the level of the disputed question.

"The German government attaches no less importance to the sacred principles of humanity than the government of the United States. It again fully takes into account that both governments for many years co-operated in developing international law in conformity with these principles, the ultimate object of which has always been to confine warfare on sea and land to armed forces of belligerents and safeguard as far as possible non-combatants against the horrors of war. But although these considerations are of great weight, they alone would not under present circumstances have determined the attitude of the German government.

"For in answer to the appeal by the government of the United States on behalf of the sacred principles of humanity and international law, the German government must repeat once more, with all emphasis, that it was not the German, but the British, government which ignored all accepted rules of international law, and extended this terrible war to the lives and property of non-combatants, having no regard whatever for the interests and rights of neutrals and non-combatants that through this method of warfare have been severely injured.

"In self-defense against the illegal conduct of British warfare, while fighting a bitter struggle for national existence, Germany had to resort to the hard but effective weapon of submarine warfare.

Puts Blame on England.

"As matters stand the German government cannot but reiterate regret that the sentiments of humanity which the government of the United States extends with such fervor to the unhappy victims of submarine warfare are not extended with the same warmth of feeling to many millions of women and children, who, according to the avowed intention of the British government, shall be starved, and who by sufferings shall force the victorious armies of the central powers into ignominious capitulation.

"The German government, in agreement with the German people, fails to

understand this discrimination, all the more as it has repeatedly and explicitly declared itself ready to use the submarine weapon in strict conformity with the rules of international law as recognized before the outbreak of the war if Great Britain likewise was ready to adapt the conduct of warfare to these rules.

"Several attempts made by the government of the United States to prevail upon the British government to act accordingly failed because of flat refusal on the part of the British government. Moreover, Great Britain again and again has violated international law, surpassing all bounds in outraging neutral rights.

"The latest measure, adopted by Great Britain, declaring German bunker coal contraband and establishing conditions under which English bunker coal alone is supplied to neutrals is nothing but an unheard-of attempt by way of extortion, by force of neutral tonnage, for the service of British trade war.

Says U. S. Must Curb England, Too.

"The German people know that the government of the United States has the power to confine the war to armed forces of the belligerent countries in the interest of humanity, and in the maintenance of international law. The government of the United States would have been certain of attaining this end had it been determined to insist, against Great Britain, on the incontestable rights to freedom of the seas.

"But as matters stand the German people are under the impression that the government of the United States, while demanding that Germany, struggling for existence, shall restrain the use of an effective weapon, and while making compliance with these demands a condition for maintenance of relations with Germany, confines itself to protests against illegal methods adopted by Germany's enemies. Moreover, the German people know to what considerable extent its enemies are supplied with all kinds of war material from the United States.

"It will therefore be understood that the appeal made by the government of the United States to sentiments of humanity and principles of international law cannot under the circumstances meet the same hearty response from the German people which such an appeal otherwise always is certain to find here. If the German government nevertheless is resolved to go to the utmost limit of concessions it has been denied not alone by the friendship connecting the two great nations for over 100 years, but also by the thought of the great doom which threatens the entire civilized world should the cruel and sanguinary war be extended and prolonged."

Germany's Intentions Good.

"The German government, conscious of Germany's strength, twice within

the last few months announced before the world its readiness to make peace on a basis safeguarding Germany's vital interests, thus indicating that it is not Germany's fault if peace is still withheld from the nations of Europe. The German government feels all the more justified in declaring that responsibility could not be borne before the forum of mankind and in history if after twenty-one months of the war's duration the submarine question under discussion between the German government and the government of the United States were to take a turn seriously threatening maintenance of peace between the two nations.

"As far as lies with the German government, it wishes to prevent things from taking such a course. The German government, moreover, is prepared to do its utmost to confine operations of the war for the rest of its duration to the fighting forces of the belligerents, thereby also insuring freedom of the seas—a principle upon which the German government believes, now as before, that it is in agreement with the government of the United States.

Renews Order for Warning.

"The German government, guided by this idea, notifies the government of the United States that German naval forces have received the following order: 'In accordance with the general principles of visit and search and the destruction of merchant vessels recognized by international law such vessels, both within and without the area declared a naval war zone, shall not be sunk without warning, and without saving human lives unless the ship attempt to escape or offer resistance.'

"But neutrals cannot expect that Germany, forced to fight for existence, shall for the sake of neutral interests restrict the use of an effective weapon if the enemy is permitted to continue to apply at will methods of warfare violating rules of international law. Such a demand would be incompatible with the character of neutrality, and the German government is convinced that the government of the United States does not think of making such a demand, knowing that the government of the United States repeatedly declares that it is determined to restore the principle of freedom of the seas, from whatever quarter it has been violated."

Confident of U. S. Co-Operation.

"Accordingly the German government is confident that in consequence of the new orders issued to the naval forces the government of the United States will also now consider all impediments removed which may have been in the way of mutual co-operation toward restoration of freedom of the seas during the war, as suggested in the note of July 23, 1915, and it does not doubt that the government of the United

States will now demand and insist that the British government shall forthwith observe the rules of international law universally recognized before the war as are laid down in the notes presented by the government of the United States to the British government December 28, 1914, and November 5, 1915.

"Should steps taken by the government of the United States not attain the object it desires to have the laws of humanity followed by all belligerent nations, the German government would then be facing a new situation, in which it must reserve to itself complete liberty of decision.

"The undersigned avails himself of this opportunity to renew to the American ambassador assurances of highest consideration."

STOCK MARKET BREAKS ON GERMAN NOTE TONE

Active Issues, Particularly the War Group, Fall From Three to Six Points.

NEW YORK, May 5.—Wall street's grave view of the German note was reflected in the demoralized tone of this stock market at the opening today, active issues, particularly those comprising the war group, breaking 3 to 6 points, with 19 for Bethlehem Steel.

The tenor of the German reply was generally known before the market opened, the news tickers and other agencies having published many of its essential features.

There was a very large attendance of members on the floor of the exchange and the offices I brokers were crowded with apprehensive customers.

Commission houses received countless queries by telephone and telegraph from out-of-town points.

Brokers had numerous selling orders, and the course of the market at the opening denoted little support.

Some Specific Declines.

The more specific declines included Crucible Steel, 6 points; Lackawanna Steel, 4; Studebaker, 4 1/2; Anaconda, 2 1/2; Industrial Alcohol, 3 1/2; United States Smelting, 6 1/2, and numerous 1 to 2 point declines elsewhere.

United States Steel opened with 4,000 shares at 89 1/2 to 81, against yesterday's close of 82 1/2, and Marine preferred's initial sale comprised a block of 3,800 shares at 82 to 80, a maximum decline of 6 points.

Railroads were relatively steady, declines in that division ranging from fractions to 1 1/2.

Supporting orders brought rallies of 1 to 4 points in the first fifteen minutes, but the market's undertone continued feverishly active.

Hilles to Prepare for Convention.

NEW YORK, May 5.—Charles O. Hilles, chairman of the republican national committee, intends to go to Chicago May 24, to make ready for the national convention there June 7. He will be accompanied by James J. Phillips, assistant secretary of the national committee.