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Germany Under Martial Law; Nothing Now Gives Hope That General War Will be Averted Russia And Austria Are Still Carrying On "Conversations" But The Worst is Feared

Not a Stock Exchange in the World Open Today -- Britain's Military and Navy Measures Almost Complete--News of Some Fighting at Points on Austrian Border

London, July 31--Official announcement of the resumption of the "conversations" at St. Petersburg and Vienna, came at the moment when pessimism had taken entire possession of the whole of Europe, and the hope that it might lead to a peaceable solution was grasped with desperation, but the news was offset later in the day by the proclamation of martial law in Germany, which was regarded as a preliminary to mobilization of the German forces for war. Everybody then seemed to settle down to await the news that the European powers had decided to engage in a struggle for supremacy. There was nothing to give the public hope that a general war might be averted.

Today there is not a stock market in the whole world open. It was decided this morning not to open the New York exchange, and soon afterwards came announcement from the chief financial centres of the states that the exchanges in these cities would be closed. Throughout the continent of Europe exchanges had already been closed, and today the London exchange was added to the number, creating a condition that has not existed for many years. It is said that it is half a century since the New York exchange was closed.

ENGLAND READY FOR EVENTUALITIES

London, July 31--Preliminary military and naval measures taken by the British government are almost completed. The great bulk of public opinion here is determined that England must observe her unwritten obligation to assist France in her difficulties with Germany, but a small body of radicals continues to utter objections to England involving herself in the quarrels of the continental powers.

The House of Commons met at noon to clear up the belated business before it and the king gave his assent to the bills already passed, including the Finance bill, so that, should the necessity arise, the members of the house will be free to deal with any proposals or extraordinary measures financially or otherwise.

Despatches from Nish, in Serbia, and from Vienna, tell of encounters between Austrian and Serbian troops on the frontiers, but authentic details of the fighting were lacking. It seems certain that conflicts between the frontier guards have occurred, but military men here say that stories of fighting were heavy losses, such as that said to have occurred at Fotska, are absurd, as it would be impossible for the Serbians, in the time at their disposal, to have crossed the Drina and advanced twenty miles within Austrian territory. It is also argued that the announcement of 500,000 Austrian soldiers being on the march into Serbia is practically impossible, and it is said that Austria cannot have 500,000 men on the move in less than six weeks.

THE NEXT STEP Berlin, July 31--Germany's mobilization will undoubtedly be followed by mobilization of the Russian army. After these two steps a general conflict may be considered certain. London, July 31--The "state of war" proclaimed in Germany, means martial law, under which the military authorities take charge of the situation. The kingdom of Bavaria, however, is excluded from the operation of today's proclamation.

"Conversations" are being carried on in St. Petersburg and Vienna simultaneously, and this fact has aroused an other flicker of hope in London that the opportunity for mutual explanation may form a starting point toward an improvement in the situation. A report stating that Prince Henry of Prussia had gone to St. Petersburg was regarded as a strongly favorable sign, as Emperor William's brother is believed to have more influence over the Emperor of Russia than anyone else.

STAGGERING ESTIMATE OF COST OF A GENERAL WAR Paris, July 31--The cost of a general war in Europe, involving seven of the mighty powers, would be \$19,726,925,000 a year, according to Dr. Charles Richart, statistician of the University of Paris. If it lasts at least five years, as diplomats are certain it will do, the cost of the war, without indemnity claims, would reach the amazing total of \$96,713,125,000.

STORING SUPPLIES OF GRAIN AND FLOUR Berlin, July 31--The German foreign office gave assurance this morning that no mobilization order would be issued in Germany today, officials admitted, however, that the situation had not improved, but had become rather aggravated since the issue of the Russian mobilization order. It had been generally expected that an order for the mobilization of the German army and navy would have been issued in the course of last night. The government's postponement of this drastic action gave rise today to hopes that something might happen to avert the necessity of doing so.

PORTUGAL MUST HELP ENGLAND Lisbon, Portugal, July 31--The newspapers of the Portuguese capital today reminded the public that the treaty of alliance between Portugal and Great Britain requires Portugal to furnish 10,000 troops to England when she is at war.

RUN ON BANK OF ENGLAND; LONDON TODAY IN PANIC

Business Paralyzed; Failures of Old Firms Feared; Wheat Jumps \$4 a Ton--Lloyds Rate For War Insurance Almost Prohibitive

London, July 31--A run has been started on the Bank of England by note-holders. The Bank of England has increased its discount rate to 8 per cent. The closing of the stock exchange here today, has increased the terrible panic that first seized speculators and investors when the war talk began, and the financial situation now is in a state of unparalleled paralysis. With the Bank of England raising its discount rate from three to four per cent, and the prospect of another advance being made within twenty-four hours, with wheat soaring to a record mark, an utter stagnation of the security market, two brokerage firms being forced to the wall overnight and others in financial difficulty, the situation today was one that was viewed with horror by the moneyed men of Europe. The industrial world must soon reflect conditions in the financial world, and the shortage of money and almost ruinous discount rates threaten the future of many of the oldest-established firms in England and throughout Europe.

Wheat Up \$4 a Ton--Lloyds Rate For War Insurance Almost Prohibitive. The market for wheat today made a sensational rise of \$4 a ton overnight, and even higher prices were offered today, with little of the commodity in sight. One firm bought 20,000 tons of American wheat today at an advance of about a ton over the price that prevailed last week. Every effort is being made by London bankers to protect the gold bullion reserve, but the output still assumes huge proportions, and there will be no real check on one side movement until the old orders are filled. All of this gold has been shipped to other European countries. Business at Lloyds, with the exception of that done along insurance lines, is at a standstill. The company is being deluged with requests for insurance against the ravages of war, but Lloyds were loath to take such risks, and have hoisted the premiums to an almost prohibitive figure. The government of the stock exchange here announced that the July settlement for securities, due today, has been postponed until August 31 and that the settlement due on Aug. 31, was to be made at the end of the next month.

Arrested as Spy. Allenstein, Germany, July 31--A Russian spy was arrested here today. He is said to belong to the St. Petersburg military intelligence department. No Extras Allowed. Vienna, July 31--The police authorities have forbidden the publication of extra editions of the newspapers and even the regular editions have not been permitted to refer to the occupation of Belgrade, which is still not generally known. Extremely Grave. London, July 31--The closing of the London exchange indicates the extreme gravity with which financiers view the war situation. For four days there has been practically no buying there. Consols reached a new low level. The bottom dropped out on all stocks. Increases in discount rates are announced not only by London, but by practically all exchanges on the continent. Stockholders reported an increase of from 4-1/2 to 5-1/2 per cent today.

Liverpool, July 31--The corn market opened in a very volatile manner today with futures soaring from twelve to fourteen cents over last night's close. There was every indication that the prices would continue to advance and reach record marks. DUTCH ARMY MOBILIZES. The Hague, July 31--Queen Wilhelmina of Holland this afternoon issued an urgent decree ordering the general mobilization of the Dutch army.

LONDON STOCK EXCHANGE CLOSES Unprecedented Action Because Credit System Broken Down -- Financial Effect of War Elsewhere. London, July 31--The London stock exchange has been closed until further notice. The decision was taken by the committee this morning. The committee also announced that the settlement due on August 31, has been postponed until August 31, and that the consols settlement due on August 6, has been put over until September. Stocks which have yet to be delivered for the account just closed, must however be paid for.

The chief reason for the unprecedented action of the committee was the fact that system of credit had practically broken down and it was impossible to carry on business in the ordinary way. This situation did not arise through over-speculation but because bankers could not collect margins which had been gradually shrinking, while at the same time the continent continued to pour stocks into London. Bankers here had been trying for some days to get their customers to take up this stock, but the impossibility of find-

ing cash and the inability to sell the securities caused credit business automatically to cease, and the closing of the exchange became necessary. The street today was full of despair and their clerks, discussing the situation in a more or less mournful tone. Liverpool, July 31--The stock exchange here was closed for business today. Manchester, Eng., July 31--The committee of the Manchester Stock Exchange ordered the market closed today. Glasgow, July 31--The stock exchange here and in Edinburgh were both closed today. German Rate Advances. Berlin, July 31--The rate of discount of the Imperial Bank of Germany was raised from 4 to 5 per cent today. Six Per Cent. Vienna, July 31--The bank rate here was today advanced to six per cent. Paris, July 31--Transactions on the bourse today were fewer and the quotations were almost without significance. The private discount rate was 4-1/2 per cent. Money Stringency in Berlin. Berlin, July 31--Money is almost impossible to obtain, and it is known that at least a dozen brokerage and banking firms are in difficulties and several suspensions are apprehended. American visitors after at first treating the situation as a favor, have begun to realize the gravity of the situation. Their German friends occupying industrial positions have advised them to quit the country at once, in case a mobilization order might be up the railroads at any moment. The report that Grand Duke Ernest of Hesse was proceeding to St. Petersburg was semi-officially denied today. The grand duke is still at Wolfsgarten Castle.

Closing the Exchanges. New York, July 31--The New York, Philadelphia, Boston, Chicago and Pittsburgh stock markets closed today. The governors of the New York Stock Exchange announced that all deliveries would be suspended until further notice. The Consolidated Stock Exchange, which opened in advance of the decision to open the New York Stock Exchange today, closed soon after it opened. The New York curb market also voted not to open today. This closes the last of the stock exchanges in New York. A Fallure. New York, N. Y., July 31--F. J. Fredrickson and Company, cotton brokers, have failed. New York, July 31--The coffee exchange decided to close until Monday. London, July 31--The metal exchange here was closed today, on account of the strike.

New York, July 31--The cotton exchange, after an hour of trading today, voted to close until Tuesday. Amsterdam, July 31--The bourse was again closed today, and the committee decided not to open the market until further notice. New York, July 31--The suspension of H. S. P. Pell & Company, cotton, coffee and stock brokers, was announced on the cotton exchange today. The market was unaffected by the announcement. Chicago Wheat. Chicago, Ill., July 31--At the opening of the board of trade today, first sales of wheat showed changes of not to exceed two and a quarter cents, as compared with a variation of seven cents at the opening yesterday. The primary changes were downward. No Mobilization Yet. Berlin, July 31--The fact that both Germany and France have issued official

Mr. Carvell Calls For Action By The Commissioners

Declares it Clear Case of Contempt of Court--Messrs Teed & Fowler Express Themselves--A Little Evidence Having To Do With The Finances

A. R. Gould, president of the St. John and Quebec Railway Company, was on the stand at the Dugal inquiry into the railway matters all morning, but did not have much opportunity to give evidence. Practically the whole morning was devoted to a battle between the opposing counsel and the witness was allowed to answer only a small proportion of the few questions addressed to him.

The first occurrence of interest occurred when Mr. Carvell demanded the books of the New York office of the railway company. Mr. Gould said that he had written for the books and had instructed his solicitor to wire; he professed astonishment that they had not arrived.

Mr. Carvell said that the conduct of the company was an insult to the court and that its officers had laid themselves open to commitment for contempt.

M. G. Teed and G. W. Fowler, M. P., counsel for the defence, said that if they were witnesses as Mr. Gould, they would not produce the books at least until it could be proved that they were relevant. The commissioners took exception to the view that witness or their counsel could dictate to the court.

Mr. Carvell then asked that a date be fixed on which the books should be produced and, if this failed, that the president and all the directors be proceeded against for contempt of court. The commission took this under consideration and will announce their decision later.

The examination of the witness proceeded with the defence fighting every step of the way, objecting to almost every question, making speeches at every opportunity.

"What are they afraid of?" asked Mr. Carvell. "Are they afraid of what this witness has to tell?"

Apparently they were, for the objections continued. Mr. Carvell stepped Mr. Teed on one occasion when the latter objected to a question and then had to ask what the question was.

Messrs. Teed and G. W. Fowler, M. P., counsel for the defence, said that this course was adopted on the advice of corporation lawyers, because there was no other way in which the promoters could hold possession of the entire company stock without putting up the cash and they did not have the cash to put up.

A little evidence regarding the disposition of the 9,900 shares of construction company stock voted to Mr. Gould was given, but when it came to anything relating to the disposal of the funds secured by the \$350,000 loan from the Prudential Trust Company, Montreal, the objections came so thick and fast that very little information was secured.

Mr. Gould on the Stand. When the morning session opened Mr. Carvell called A. R. Gould, Mr. Guthrie and Mr. Gould was in the city, but not in court, as he expected Ross Thompson to be on the stand. Mr. Teed asked for an opportunity to cross examine Mr. Thompson, but Mr. Carvell said he wished to examine Mr. Gould before continuing Mr. Thompson.

Mr. Gould was sent for and when he arrived took the stand for examination by Mr. Carvell.

In reply to questions, Mr. Gould said that he was president of the St. John and Quebec Railway Company, incorporated in New Brunswick with head office in Fredericton. The company also has an office in New York, where the books were kept. He did not have the books with him. He had written to F. H. Lisman & Co. asking them to send them and had told Mr. Guthrie to wire for them. He denied having issued any

instructions that they should not be sent. Mr. Gould said he was subpoenaed July 4 with instructions to bring the books. The directors of the company were the witness, Messrs. Chestnut, Edgecombe and Howard of Fredericton and McKenna of Montreal. The only director he spoke to about the books was Mr. Edgecombe, who asked about the books. The meeting of the directors had been held since his subpoena was issued and he had taken no other steps to secure the books.

Mr. Carvell, to the commission--It looks as if it is time for your honors to take some steps. This looks to me like a clear case of contempt of court. If the books cannot be secured it is time that we either throw up our hands and say that there is no power to be exercised or else that the power should be exercised. Mr. Teed--It is apparent to all that the books are not needed. (Continued on page 10; third column)

denials of their intention to mobilize was regarded as a favorable sign that everything possible was being done to prevent a clash. It was evident everywhere today that the military authorities were quietly preparing for the speedy moving of troops in case the order for mobilization should be given.

At many of the banks in Berlin this morning army officers were seen making inquiries to make their own arrangements from their families, while many women were there to deposit their valuables in the safety vaults. Members of the various royal families of Germany, spending their vacations away from their homes, hurried back today.

TOURISTS HELD UP Eight Hundred Left to Own Devices Because Imperialist Sailing Cancelled. London, July 31--The Hamburg-American Steamship Company has cancelled the sailing of the steamer Imperator from Hamburg today. The company sent notices to the 800 first-class passengers waiting here for the Imperator, that the company had been compelled to postpone the sailing owing to the political situation.

The passengers, of whom about 50 per cent are Americans returning after European trips, have been left by the company to make their own arrangements. The company, however, says the moment the situation clears, the Imperator will sail for New York, and the passengers will be given due notice of the date of her departure.

Hamburg, July 31--Besides suspending the sailing from Hamburg of the Imperator, it was reported today that the Hamburg-American line had also ordered the Vaterland to stay at New York to await developments. The other Hamburg-American liners, however, will continue the service. Shipping to Baltic ports has been entirely suspended.

In St. Petersburg. St. Petersburg, July 31--The population of the Russian capital kept awake throughout the night and the streets resounded with the din of patriotic demon-

Today's War News. "Conversations" were resumed today by the Russian and Austrian governments. Martial law was proclaimed throughout Germany. Stock exchanges were closed everywhere. Several encounters between Austrian and Serbian troops resulted in the Serbian army resisting the advance of the invaders. The great German liners Imperator and Vaterland were taken off the trans-Atlantic service. Wild patriotic enthusiasm prevailed all night in St. Petersburg. Vienna has been kept in ignorance of events at the front and Germany has imposed a rigid censorship on despatches, which are greatly delayed.

ing rumors of war lightly, have begun to realize the gravity of the situation. Their German friends occupying industrial positions have advised them to quit the country at once, in case a mobilization order might be up the railroads at any moment. The report that Grand Duke Ernest of Hesse was proceeding to St. Petersburg was semi-officially denied today. The grand duke is still at Wolfsgarten Castle.

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GOD SAVE THE KING SUNG AS NEW ZEALAND OFFERS AID TO MOTHERLAND. Wellington, New Zealand, July 31--William F. Massey, prime minister of New Zealand, today announced to parliament that the government proposed to offer the services of an expeditionary force to the imperial government if events necessitated it. All the members then sang and sang "God Save the King."

WEATHER BULLETIN. Issued by authority of the Department of Marine and Fisheries, R. F. Stupart, director of meteorological service.

Phelix and Phermand. Fair and moderate winds; fair today and on Saturday.

Shopping by Telephone. Two publications will do much to obviate the discomforts of weather shopping. One is the advertising co. The other is a telegraph.