

# CALLAGHAN'S BIG SQUADRON HAS BLOCKED HARBORS OF KIEL AND WILHELMSHAVEN

## British Cabinet in Almost Continuous Session---Troops Patrol All Portions of the Coast---Home Rule Dispute is Completely Buried---All Preparatory Defense Measures Have Been Completed.

London, July 31.—It is reported upon excellent authority that the two divisions of the British fleet headed for the North Sea, under Admiral Callaghan, whose flagship is the Iron Duke, have bottled up both the German squadrons at Wilhelmshaven and Kiel, and that the German fleets would be unable to move in the face of the overwhelming superiority of the British naval power, should war be declared.

King George and Premier Asquith held an hour's conference at Buckingham Palace late this afternoon. From the palace the premier hurried to the House of Commons. The premier later announced in Parliament that he would answer no questions until Monday.

Comprehensive measures for defence were completed by the government this afternoon. Troops are now patrolling all exposed portions of the British coast.

Grain is rising rapidly in price. Chartering of vessels has practically ceased. The freight markets are paralyzed.

Londonderry, July 31.—The customs department here was today ordered to cease searching vessels for arms and inspecting luggage of passengers for possible smuggling of arms and ammunition.

This means that the home rule fight has been completely buried in the desire for all British subjects to present a united front in the face of the international crisis, and that the Irish embargo has been raised.

Paris, July 31.—Telephonic communication with Germany was cut off at four o'clock this afternoon.

London, July 31.—The British Government this evening took a step regarded as preparatory to war by forbidding the sending of code despatches to the continent. All members of the cabinet have been notified not to leave London even for the week-end. An extraordinary meeting of the cabinet will be held shortly.

The Admiralty tonight ordered a defense boom fitted across the river Medway to protect Sheerness harbor.

## BERLIN BELIEVES SITUATION HAS BECOME WORSE IN PAST 24 HOURS

Berlin, July 31.—The morning passed without the heavy cloud over the European horizon breaking, and there was no relief to the almost despairing uncertainty existing in the German capital, where the excitement continued to increase.

It had been generally expected that today would bring the decision for peace or war, and when a decree was promulgated proclaiming martial law and consequent military government all began to think that armed conflict could be the only outcome. Government officials, however, refrained from making any definite declaration saying they preferred to wait till all the resources of diplomacy had been exhausted. It was well understood that the issue of an order for the mobilization of the German forces would be tantamount to a declaration of war and it was decided to postpone this action until the last possible moment in which there was a ray of hope for peace. It was admitted that the situation had become worse during the last twenty-four hours, but the fact that both Germany and France issued official denials of their intention to mobilize was regarded as a favorable sign that everything possible was being done to prevent 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 financial preparations for their separation from their families, while many women were there to deposit their valuables in the safety vaults.

Berlin, July 31.—A Vienna despatch to the Tagesschau says that Russia has sent a warning in the nature of an ultimatum that the czar will not tolerate territorial acquisition by Austria-Hungary. Information as to Austria's attitude in case of victory in Serbia is demanded.

The Tagesschau despatch adds that it is hoped Austria's reply will be satisfactory and obviate the necessity of German mobilization.

Diplomatic Relations Broken  
Berlin, July 31.—The Tagesschau states that diplomatic relations between Austria and Russia have been broken off.

Portugal to 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.

London, July 31.—Lloyd's today raised the six months' rate against an Anglo-German war to 70 per cent.

Bank of England Rate.  
London, July 31.—The Bank of England today increased its rate of discount to eight per cent.

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\$8,020,276.62  
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## BK. OF ENGLAND TO ISSUE £1 NOTES IN LIEU OF SOVEREIGNS?

Nothing to parallel yesterday's scenes in London since famous Gurney Bank failure in 1866.

London, July 31.—While there has been excitement, such as might have been witnessed in other cities during a financial crisis of the dimensions of which London is going through, the scenes in the city today were unlike any since the great Gurney bank failure for \$5,000,000 in 1866, when the government found it necessary to suspend the Bank Act so that the Bank of England would not be compelled to pay gold for its notes. During the Indian mutiny in 1857, the Bank Act also was suspended, and the rate rose to ten per cent.

The main entrance to the Bank of England was besieged by holders of notes waiting to have them changed into gold, and in the afternoon the crowd became so great that the gold-laid officials formed the people into lines in the big quadrangle.

Most of them were messengers

shape and it is generally admitted

that the demand for marins have

been particularly large considering

the extent the declines have gone.

In the meantime the Canadian houses

which have been doing a large amount

of business in London have an opportunity

of discussing the situation further with London representatives

and shown them that the liquidation

of character was entirely to selling

from European centres and that it

had little or nothing to do with the

showing the company was making in

its own business. It is also stated

that there are a number of orders for

stock under the selling market prices

and could take care of a good deal of

selling from the foreign exchanges.

When the exchange will be opened

until some action has been taken in London

on Wall Street, especially Wall

Street. It is stated that Laurence

Pulp and Paper Company during the

last couple of days has received a

selling from the foreign exchanges.

The shipments are all to American

points and the cause of the sudden demand

is the large number of extras being

issued by principal American

papers. All Canadian paper companies

are likely to benefit by increased demand for news print.

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## U.S. GOVERNMENT READY TO SEND OUT BILLION CURRENCY IF NEEDED

Private advices were received yesterday by F. B. McCurdy & Co. as follows:  
New York, July 31.—The Bank of England rate advanced, to eight per cent. in one jump. This ought to act as a damper on the warlike feeling, as they cannot fight without money.

London, July 31.—It is said in Brussels that there is a run on the National Bank for silver, against notes in progress. In Rome and Milan gold is unobtainable.

Brussels, July 31.—Ten thousand people besieged the National Bank today to withdraw deposits, but the bank subsided towards noon.

McDougall & Cowans received private advices yesterday from the following sources:  
New York, July 31.—Our Chicago brokers advise us that they will not accept any new business in wheat,

except on a cash margin basis of ten cents per bushel, and on oats and corn of five cents a bushel. We think their course, under the circumstances, is wise.

The governors of the New York exchange deserve the greatest credit for their courage in closing the exchange. They have averted a most disastrous panic.

London, July 31.—A run on the Bank of England has been started by note holders.

The following private telegrams were received by J. M. Robinson & Sons yesterday:  
Berlin, July 31.—Food prices everywhere have risen seventy-five per cent. during the last twelve hours.

Washington, July 31.—Secretary McAdoo announced today that the government stands ready to send out a billion dollars in currency, if that amount is needed to meet the needs of a European war.

from the smaller banks, or from business houses, but occasionally there was a white-aproned butcher's boy running shoulders with a city magnate.

At the other frontage of the Bank, which is not far from the stock exchange dozens of two-horse drays were drawn up, awaiting their turn to get into the gate to be loaded with gold and silver, which the banks throughout London were getting in exchange for Bank of England notes held by them.

The street was lined with policemen, not so much in fear of a change today, as to prevent the purloining of the valuable canvas bags which contained the much sought after currency. The opinion was general that the Bank Act would be suspended, as it was argued that when the gold once got out of the hands of the bank there was nothing to prevent it being sent abroad.

New York, July 31.—The suspension of H. S. P. Pell and Company, cotton, coffee and stock brokers, was announced on the floor of the cotton exchange.

New York, July 31.—Flower and Company, members of the New York Stock Exchange, assigned today. The firm is one of the oldest doing business on the exchange.

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