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GERMANY CAN ATTEMPT OFFENSIVE ON ONE FRONT ONLY

AUSTRIA TO GET ANOTHER CHANCE TO FLOUT U. S.

President Wilson Whiles Away Wedding Prelude by Writing Answer

FULL TEXT OF NOTE

Official Translation Does Not Minimize Gravity of Situation Created.

WASHINGTON, Dec. 18.—President Wilson began work today on the second note to Austria on the sinking of the Ancona.

Friendly relations between the United States and Austria, it was stated authoritatively, are nearing the breaking point and their continuance will depend entirely upon the reply Austria will be asked to make immediately to the note being framed today.

WASHINGTON, Dec. 18.—The official text of Austria's reply to the American note on the Ancona, made public today, reveals that the Vienna Government denies that the views presented by the United States, even if correct, warrant the blame for the disaster being placed upon the commander of the submarine.

The reply denies also that blame can be placed upon the Austro-Hungarian Government, even if "a most rigorous legal construction were applied to the judgment of the case."

It adds that if the United States intended to express an opinion, to the effect that a prejudice of whatever nature existed, with respect to "judicial consideration" of the affair, the Vienna Government declares that it reserves to itself "full freedom of maintaining its own legal view." Except for slight variation in translation, the remainder of the official text virtually is identical with the unofficial version cabled from London.

It was agreed, seemingly, in official quarters, that the official text did not minimize a realization of the gravity of the situation which was impressed on officials by the unofficial cables, but it also was apparent that the door to further correspondence is not closed.

While the state department was making the note public President Wilson was at work in his study on the outline of a reply, which will go forward some time next week.

The full text of Austria's reply to the American note on the sinking of the Italian liner Ancona, as made public today by the state department, follows:

"In reply to the much esteemed note, No. 4167, which his excellency Mr. Frederic Courtland Penfield, ambassador extraordinary and plenipotentiary of the United States of America, directed to him in the name of the American Government under date of 9th inst. in the matter of the sinking of the Italian steamship Ancona, the undersigned, preliminary to a thoro meritorious treatment of the demand, has the honor to observe that the United States considers it necessary to blame the commanding officer of the submarine concerned in the affair, and the firmness in which the demands addressed to the imperial and royal government appear to be expressed might well have warranted the expectation that the government of the United States should precisely specify the actual circumstances of the affair upon which it bases its case.

"As is not difficult to perceive, the presentation of the facts in the case in the aforesaid note leaves room for many doubts, and even if this presentation were correct in all points and the most rigorous conception were applied to the judgment of the case, it does not in any way sufficiently warrant attaching blame to the commanding officer of the warship or to the imperial and royal government.

Challenges Honesty of U. S.

"The government of the United States has also failed to designate the persons upon whose testimony it relies and to whom it apparently believes it may attribute a higher degree of credulity than to the commander of the imperial and royal fleet. The note also fails to give information whatsoever, as to the number, names and more precise facts of the Americans who were on board the steamer at the moment.

"However, in view of the fact that the Washington cabinet has now made a positive statement to the effect that citizens of the United States of America came to grief in the incident in question, the imperial and royal government is in principle ready to enter into an exchange of views with the government of the United States.

The German Incidents.

"It must, however, in the first place raise the question why that government failed to give judicial reasons for

(Continued on Page 2, Column 5).

No Time for Silken Dalliance.

Lord Kitchener denies the story that he was to marry the widow of the late Lord Minto. If there was any ground whatever for this report, the British war minister had better be told at once that his usefulness is gone. In war a man in his position and of his years has no time for the light or heavy intrigues of social or political life, and Britain must be well sick of both by this time. A more explicit denial of the story must come from Prime Minister Asquith himself.

SUNDAY WEATHER

Snow flurries.

THE SUNDAY WORLD

Issue, dated Dec. 26, will be offered for sale by all newsdealers and newsboys on Friday evening, Dec. 24. Be sure you get one.

Canal Plotter Makes Important Confession More Arrests Coming

NEW YORK, Dec. 18.—Frederick Metzler, employed by the Hamburg-American Line, and who is said to have acted as stenographer to Koenig, and who was also arrested with Koenig and Leyendecker, will be arraigned Monday.

The three are connected with charges of conspiracy to blow up the Welland Canal.

Assistant United States Attorney Sarfaty said that information in possession of the government made it certain that numerous additional arrests will be made thru the country during the next few days. All of these, he said, will be in connection with the Welland Canal plot. Federal authorities stated this afternoon that Metzler had made a lengthy statement, in which he gave important information in connection with the Welland Canal plot. It was learned at the federal building that agents of the Hamburg-American Line had made several unsuccessful attempts to have Metzler released on bail.

FIRST OF DERBY MEN CALLED OUT

Unmarried Men From 19 to 22 Years Ordered to Present Themselves

BY ROYAL PROCLAMATION

Public Believes That Summons Means Conscription Danger is Past.

LONDON, Dec. 18.—Four classes of recruits who enlisted under the Earl of Derby's plan were called out today by royal proclamation.

The classes called out are groups 2, 3, 4 and 5 of the Derby recruits. The announcement, placarded by the war office, states that their services will begin on Jan. 20.

All recruits on the Derby rolls who did not enlist for immediate service were placed on the army reserve rolls, and therefore the first call for service of four classes is made by the same formality as in the case of the old army reservists, who heretofore have been called to the colors.

The appearance of placards topped with the royal arms created a stir in the streets. Th public infers that the Derby enlistment plan has been a success, and that conscription at least is postponed. If it should develop that any large percentage of unmarried eligibles failed to enlist it is expected they will be subjected to conscription, as foreshadowed by Premier Asquith, before any calls are made for married men who volunteered ounder the Derby plan.

It is inferred the government intends to consider the first class, consisting of 18-year-old boys, as corresponding to the class of 1917 in continental countries, and will defer indefinitely putting them in training.

"All figures so far are guesswork. I don't know the results myself," said the Earl of Derby today in a speech at Bollingon his recruiting scheme. He assured the country that the pledge to call single men compulsorily before calling the married men, should the results show that the former, except in negligible numbers, failed to volunteer, would be scrupulously observed. He added, perhaps significantly, that he hoped such a call would not be required.

LABOR DEMANDS ON GOVT. TO BE LIGHT

Munition Workers and Letter Carriers May Present Petitions.

By a Staff Reporter.

OTTAWA, Dec. 18.—The regular annual deputation of the Dominion Trades and Labor Congress to the federal government will take place on Thursday, Jan. 6, when Premier Borden and members of the cabinet will receive the deputation. A change in presentation and complexion of the deputation has been necessitated owing to war conditions, it being anticipated that no legislative matters will be presented for the coming session, thus the congress will accommodate itself to the circumstances. The position of the deputation will be to advance matters affecting wage-earners connected directly with the finishing of munitions and supplies to the militia. A single exception will be made in this regard on behalf of the Federation of Letter Carriers, who will, thru their secretary, A. McMorde, of Hamilton, present a petition to the postmaster-general setting forth several requests. The other members will deal with munitions and supplies as affecting their several crafts. The deputation will comprise President J. C. Watters and Secretary D. M. Draper for the executive of the congress, T. Moore Niagara Falls, Brotherhood of Carpenters; J. H. Kednelly Toronto, Sheet Metal Workers; J. Watt, Toronto, Journeymen Tailors; W. P. Burns, Toronto, Garment Workers; J. Bruce, Toronto, Plumbers and Steamfitters. A machinist representative may also be in attendance.

ARREST ANOTHER PLOTTER IN U. S.

Frederick Schleindl Taken by Detectives Charged With Larceny

SHIPS WITH AMMUNITION

Gave Information to German Representatives About Manufacturers.

NEW YORK, Dec. 18.—Detectives following the trail of plotters seeking to destroy ships bearing ammunition to the allies arrested Frederick Schleindl, a clerk in the National City Bank, whom they charge with a larceny of documents, cablegrams and messages which, it is alleged, he turned over to the representatives of the German Government.

These documents, the detectives say, gave information as to which ships bore ammunition across the seas. Schleindl is also alleged to have given information to the German representatives as to what firms were manufacturing war supplies in this country and also the amounts of money placed in certain banks to the credit of the allies.

Schleindl was taken to police headquarters for further examination.

Schliendl was held in $25,000 bail for examination on Monday when arraigned today before a police magistrate on a short affidavit charging suspicion of grand larceny in connection with the disappearance from the National City Bank of papers and documents which the police said were valued at $100,000. Detective Barnitz testified at the arraignment that documents alleged to have been furnished to Paul Koenig by Schliendl described in detail the cargo in No. 2 hold of the steamer Minnehaha on the voyage when fire broke out in her hold.

FRISCO PLOTTERS ARRAIGNED.

SAN FRANCISCO, Dec. 18.—Baron George Wilhelm von Bruncken, attached to the German consulate-general here, Charles Crowley, a detective employed by the consulate, and Mrs. Margaret Cornell, Crowley's employe, were arraigned today on indictments in the alleged German bomb plot cases. Wednesday, Dec. 22, was set for their pleadings to the charges. All are at liberty on bail bonds of $10,000 each.

CLEVELAND PLOTTER SENT DOWN.

CLEVELAND, Dec. 18.—Dr. E. W. Ritter, whose dealings with representatives of belligerent nations in connection with war plots were under investigation by the federal government, was given an indeterminate sentence in the Ohio Penitentiary today when he pleaded guilty to carrying concealed weapons. He was recently indicted on four counts, among them forgery of cheques on the Riggs National Bank at Washington bearing the names of German and British diplomatic agents.

ITALIAN FORCE NOT AN OFFENSIVE ONE

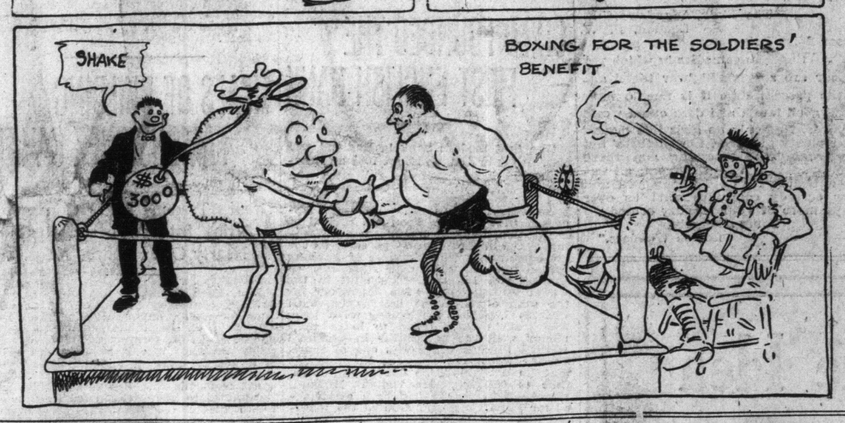
Army Landed at Avlona Was Meant to Extricate Serbs.

PARIS, Dec. 18.—The Italian expedition landed at Avlona was not sent for an offensive purpose, but to help the Serbians extricate themselves and provision Montenegrins, according to a despatch to The Journal from Rome.

TWO DETECTIVES KILLED.

LITTLE FALLS, N.J., Dec. 18.—Two detectives, Robert Shanon of East Orange and Frederick Merts of Bloomfield were killed and two other detectives wounded when they attempted early today to arrest Antonio Fetterici here. Fetterici escaped.

EVENTS OF THE WEEK - - - By Lou Skuce



GERMAN LINKED TO T. & N. O. PHONE

Heard All Talk Over Northern Long-Distance Wires.

NORTH BAY, Ont., Dec. 18.—Frank Graff, a German, recently manager for the Northern Light and Power Company of Cochrane, was arrested this week by Detective Swan, of the T. & N. O. Railway, on the charge of having a secret telephone connection between his dwelling and the T. & N. O. long distance telephone line. The prisoner said the object of the connection was for the purpose of keeping tab on his operators at the exchange. An investigation was held before Magistrate Dempsey, of Cochrane, who, on hearing the evidence, allowed Graff his freedom. The telephone has since been taken out.

WILL SIR ADAM BECK ACQUIRE CATARACT?

Financial Times of Montreal Believes Some Foundation for Report Heard Lately.

The Montreal Financial Times of this week believes that there is some foundation for the report that Sir Adam Beck of the Hydro-Electric Commission is trying to acquire the Dominion Power and Transmission Company of Hamilton, otherwise known as the Cataract. It says:

We have reason to believe that unofficial (so far as the company is concerned) negotiations have been carried on with agents of the Hydro Commission, and we also believe that the question of purchase is entirely one of mutual agreement in regard to price.

Sir Adam Beck has already begun to bring pressure to bear upon stockholders' sentiment. He has officially announced that the price of hydro power for Hamilton will be reduced from $15 in 1915 to $14 in 1916. The price was originally $17.90.

We believe that the price asked for Dominion Transmission is in the neighborhood of $20,000,000, inclusive of bonds outstanding.

Profiteering Out of Insurance Mergers.

Two other life insurance companies with headquarters in Toronto will go to Montreal with the management of their local funds if the people of Toronto and their members of parliament do not protest effectively to Minister of Finance White. These two companies were built up here by Toronto men and by Ontario men taking out policies. Is a policy-holder to have no say as to the removal of the head office where his premiums are held and administered? No say as to whether they are to be invested in high-class mortgages or in speculative tractions that are put out with blocks of free common stock!

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As usual, the story of the Manufacturers'-Sun merger was handed out to the press and public from the inside of a newspaper office late in the evening.

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The unfortunate feature of insurance mergers is the profiteering that openly or roundabout comes to those who aid and promote them. The policy-holder is that much less secured by this profiteering!

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The Globe puts in the following vigorous protest against the merger question in the shape of a little editorial paragraph:

If mergers are to continue unchecked by Ottawa why not have some of them come this way? Toronto is losing quite a few head offices.

The Globe ought to tell the public what it thinks of these mergers; it should take the responsibility of urging action on the government, not of waiting to see what the minister will do.

* * * * *

A few more life insurance company mergers and the public will demand one of two things, perhaps both: state insurance in preference to private insurance, or at least custody and investment of life insurance trust funds by a board appointed by the government. The one people who make money out of life insurance outside of the agents who do the canvassing, are the men who own the capital shares of the company and control the investment of the trust funds of the policy-holders, and what they make above a reasonable return the policy-holder loses.

MUST EARN THEIR RETURN TO CANADA

Gallantry and Fitness as Instructors Will Bring Fighters Home.

By a Staff Reporter.

OTTAWA, Ont., Dec. 18.—The department of militia and defence desires it to be known that the officers and N.C.O.'s being brought back to Canada from the Canadian expeditionary force abroad are those only selected on account of their fitness for instructional duties and on account of their gallant conduct at the front. It is useless for people to write the department urging the return of their relations for this duty, as only those who have rendered meritorious service and are recommended by their commanding officers as worthy and capable are required. All these men must also be prepared to return to the front immediately whenever wanted.

FORD ARRANGEMENTS FAIL AT CHRISTIANIA

Hotels Crowded With Christmas Visitors, and No Beds Are Held in Reserve.

CHRISTIANIA, Norway, Dec. 18.—Arrangements for the reception of the Ford peace party, on its way here on the steamship Oscar II., have failed. The hotels are crowded for the Christmas holidays and will not agree to reserve beds from day to day while awaiting the arrival of the travelers.

The Christania branch of the Clergymen's Peace Association is considering plans to hold a prayer meeting for peace when the party arrives. Capt. James Totten, American military attache at Copenhagen, is on the way to Christiansand, the first port at which the Oscar II. will touch. He denies his trip is connected with the Ford party.

LONDON, Dec. 18.—The 22 members of the Ford peace party, who, unable to leave New York on the Oscar II., sailed on Dec. 8, on the Frederick VII, are being detained at Kirkwall, as was the first party. The Frederick VII was taken into Kirkwall yesterday by the British authorities.

SHORT OF MEN, HUNS CAN MAKE ONLY ONE DRIVE

British Military Critics See Significant Sign in Slackening of Offensives

EXTRA MEN IN BALKANS

Trying to Precipitate Crisis Over Allies' Defence of Saloniki.

LONDON, Dec. 18.—If all current reports are true, the Germans are sparing of offensive movements in all directions in Belgium and France, in Greece, Egypt, on the Riga-Dvinsk front, and Galicia.

British military critics believe that the central powers have not enough available reserves for an offensive movement on more than one front. In fact, it is frequently argued in England that the central powers are approaching the last stratum of reserves in men and must make a determined effort to obtain a victory over one of their enemies.

The British public was surprised today by the appearance of the royal proclamation posted in public places, calling out four classes of Derby recruits. It is inferred from this that the Derby campaign was successful.

No important fighting was reported over-night from any field.

New Crisis in Greece.

The unprecedented military situation in Greece has developed a new crisis. The allied troops which, according to the estimates of British newspapers, number 200,000, are fortifying themselves about Saloniki digging trenches and placing guns. It is reported the Germans are preparing to advance into Greek territory and attack them.

Whether the Bulgarians also will cross the border is a vital question to the Greeks. It is believed a Bulgarian advance would rekindle old enmities and might draw the Greek people into the conflict.

The Greek general election will be held tomorrow, but it is not expected the result will have any controlling influence on the policy of the government. The party of former Premier Venizelos has refrained from putting candidates in the field, and the soldiers under arms, constituting a large proportion of the electorate, will not vote. King Constantine remains indisposed.

According to the Athens correspondent of The Times the German minister at Athens told Premier Skouloudis that the Germans would be compelled to attack the British and French forces. The landing of Italian forces in Albania is likely to prove an important factor, as the Italians may be able to attach themselves to the remainder of the Serbian army for concerted action.

Saloniki Defences May Be Made Excuse.

PARIS, Dec. 18.—"The German minister's visit to Premier Skouloudis yesterday is said by the press to have had reference to the defensive works that the entente allies are preparing in Macedonia, in the vicinity of Saloniki," says a Havas despatch from Athens, under date of Dec. 17.

"The minister represented these works as a danger to German military interests in Macedonia, and that Germany would therefore shortly see herself obliged to act.

"The newspapers, commenting on the visit, say there is reason to believe that Greece will adopt a firm attitude in reply to the representation of the central powers, while at the same time insisting on the allies' obligation to hold strictly to the terms of their agreement with the Greek Government."

MME. JEAN GUILLEMIN SAVED FROM VESSEL

Wife of French Minister at Athens Passenger on Wrecked Liner, Possibly Djurjura.

PARIS, Dec. 18.—A Havas despatch from Athens, under yesterday's date, says news has been received that a French liner on the way to Marseilles had been wrecked, and that Madame Jean Guillemin, wife of the French minister at Athens, who was a passenger, was saved. The name of the liner was not mentioned in the despatch. She possibly was the steamer Djurjura, which was sunk in a collision with the Empress of England near Malta.

No previous news of the sinking of the Djurjura, a French steamer of 1852 tons gross, has been received in this country. No steamer named Empress of England is listed in available shipping records.

Church Parades Today

Eight military church parades will take place this morning, when practically every battalion quartered in Toronto will be out. They are as follows: 74th to St. John's Anglican Church, 75th to the Church of the Epiphany; 81st to Bonar Presbyterian, 95th to Dunn Avenue Methodist, 97th to Parkdale Baptist, 83rd to St. James' Cathedral; 92nd to St. John's Presbyterian. The A.M.C., A.S.C., engineers, artillery and cyclists, will attend St. Ann's Anglican Church. All the services will be held at 9.30 a.m.