"SURPLUS" BE A DEFICI ose Examination of Proccounts

or People's Gift to Imperial ed Under the Head of Capital ant Items Dealt With in Sure System of Book-Keeping

the year ending 1918. Printing between \$2,000 and \$3,000 less this last, if all the printing the greater part of the pri nent of today. The capital expenditure last year was 636,500. This year it was \$716,806, in-cluding the potato gift money, \$90,000 Taking that out, the expenditure would a \$10,000 loss than that of the less than that of the October, 1918..

Timber Licenses.

nus on timber licenses which due on Aug. 1, were paid to the at of \$161,988, and went into the wn land sinking fund to be added There must be market was not favor The provincial have taken advantag that there was such sinking me item reads: "Bond sold to crown sinking fund, \$84,000." he Valley Railway.

The public is not taken into the con the administration with rence of the Valley railway financing, ct to the Valley railway financing, ere is no statement as to how many ere is no statement as to how many ble for in the way of and interest. Neither ature for the purpose of complete railway from Rothesay to Gage

in 1908 the first year this gov was in power, cost \$45.344 in 1918 increase of nearly \$11,000. Con which in 1908 cost \$15,908 than when this en began its labo

ALLIES ON THE OFFENSIVE "A slow, but none the less marked change which has taken place has "A slow, but none the less marked change which has taken place has re-sulted in definitely passing the initiative into the hands of the Allies. This is not shown so much by material results obtained, although at some points of the allied front ground has been gained and in some places very marked pro-gress has been made, resulting in the capture, of guns and strongly entrenched positions; but our advantage lies in the fact that it is now the Allies who for the spatic hore assumed and maintained the effensive role, while the nemy has been acting on the defensive. "The fact that the enemy is acting on the defensive does not mean that has given up attacking altogether, but his attacks have been in the nature counter-attacks, undertaken either in order to regain ground previously lost, by the Allies. The German defence is an active one. It is founded on the axiom of war that the weaker the force is, and the more hardly it is pressed, the more per-sistently should it attack. But it remains true that such action is none the less essentially defensive, even though here and there one of their counter-attacks may succeed in regaining possession of a trench or in driving back a small secon of our front.

MILITARY OBSERVERS AT FRONT REPORT THAT ALLIES ARE STEADILY, IF SLOWLY, ADVANCING AGAINST ENEMY Group of Officers of Princess Patricia **RUSSIAN VICTORY**

The Semi-Mekkly Telegraph

ST. JOHN, N. B., SATURDAY, JANUARY 9, 1915

or C.B. Keenon

Lieut

Michel S. de Baya

Italy and Holland on

WAS DESTROYED BY

Talbol M Papi

& The News

ALLIES STRONGLY ON THE OFFENSIVE SAYS

VOL. LIV.

Germans Still Attacking at Various Points But With Less Force

Small British Expeditionary Force Has Now Swelled Into Great Army-Outlook Bright All Along the Line-German Soldiers Beginning to Realize That They Are Not Marching on Calais and Paris.

London, Jan. 7, 6.30 p. m.—"The New Year has opened up on a more favorable situation for the Allies than any they had known since the commencement of the campaign," says a report made by a military observer attached to the British army headquarters at the front. The report, made public today by the official information bureau, is dated Jan. 4, and supplements similar narratives given out at intervals during the progress of the war. "So far as the British are concerned," says the report, "the small expeditionary force of four divisions which took the field in August has now been swelled into a great army, which is steadily in-creasing in numbers, has become inured to war, and can look back on a record of hard fighting such as British troops seldom have sus-tained in the past. The struggle of the last four months has entered upon its fourth phase.

BELIEVE FORMIDABLE

or to relieve pressure on some other part of the German line. "It is only by announcing the total casualties of these attacks by both sides that a clear idea can be obtained. Really marked progress has been achieved



Lieu WG Colquhoun.

Lieu GAR BOILE MAR

"rincess Pat's Pets" are now in Franch or Belgium and any day now will be in the thick of the fighting. rumors that they have already been engaged have at the time of writing failed of confirmation.



NO. 36

London, Jan. 7, 10.40 p. m.—A complete change in the situation in the near east may be brought about by the Russian victory over the Turks in the Caucasus. If the Turkish defeat is as sweeping as has been officially report-ed—the virtual destruction of two and the repulse of a third Turkish army corps—the Turkish menace against the Russians in Trans-Caucasia has been removed, and the loss of so many of their best trained officers and men, it is believed here, will compel the Turks to give up any ambitions they had of in-vading their enemy's territory and concentrate on the defence of their own

Military men, however, are taking even greater interest in the Russian in vasion of Hungary through Uzsok Pass, in the Carpathians, and their rapid advance on Transylvania through Bukowina simultaneously with their move-ment toward Cracow. These combined operations are the most gigantic undertaken in the war.

Ing in which trenches have changed hands more than once.
Hard fighting, too, continues in Aisace, where the French claim to have advanced a little toward Altkirch. They have apparently got no further along the Cernary road from Steinbaca.
The British admiralty is now convinced that the battleship Formidable, and in making the announcement in the house of lords, the Earl of Crewe diarries after the loss of the cruisers Abouking or to the admiralty promulgated after the loss of the cruisers Abouking go to the assistance of another for fear that she, too, might be torpedoed, had been carried out. The captain of the formidable, although he knew his ships formidable, although he knew his ships not to stand by.
Will Not Touch Them.

In the meantime the Russians are held by the Austro-Germans in western Gali-cia, and Field Marshal von Hindenburg, the German commander-in-chief in northern Poland, can move but slowly, because of the mud, in his offensive

because of the mud, in his offensive operations against Warsaw. A despatch from Petrograd says that aviators have observed German artilley at the frontier railway stations which cannot be moved on account of the soft-ness of the roads. It has been suggested that the Ger-mans intended to use the Visitula for the transport of facir guns, but with the Bussians in possession of the northern bank this obviously would be impossible. Afthough the fighting has been intense at many points on the western frontier, there is little or no change in Flunders; where the fields and roads are under several feet of water. In that territory only artillery has been able to work, but in northern France, between Lille and Arras, there has been some hard fight-ing in which tranches have changed bands more than once.

m \$501,554 to \$554,561, but the gov-ment newspapers are careful not to plain that the stumpage was increased m \$1.25 to \$1.50 per thousand this ir and this would mean an increased enue of \$61,000 if the cut was as large in 1019 19 in 1912-13. There is no trouble creasing this revenue if the stump ed, but it is only fair to say ncrease is due to this cause and by greater care in the collection t to any greater care in the One fact stands out clearly, that while

One fact stands out clearly, that while he revenues have fallen off in many lirections there does not appear to have even any attempt made to reduce the xpenditures where it was possible to nake a saving. The officials are still as numerous as ever and some of them ust as useless. There was no care exer-ised in the expenditure of the money necessary for the gift to the imperial rovernment. This transaction was never intended to give any man or firm a large profit at the expense of the people of New Brunswick, and yet those experi-nced in the sest of potatoes and their hipment say that \$90,000 was an enorm-us sum to pay for 100,000 hushels, even ous sum to pay for 100,000 bushels, even if it cost, as stated, \$15,000 to ship them from St. John to London.

capture, but not so neutral goods on an enemy's ship, or an enemy's goods on a neutral ship, subject to certain quali-fications by the law of contraband. Pillage Prohibited.

Pillage Prohibited, No poison or poisoned weapons shall be used, and quarter must be given if and when asked for. The pillage of a captured town is prohibited. Spies cannot be punished without a training information, and aviators are not regarded as spies, and if captured are treated as prisoners of war. Formal notice must be given by the commander of an attacking force of his intention to bombard a place, so that non-combatants may leave. Civilians captured in possesion of arms or soldiers not in uniform may be shot after being court-martialled. Vessels employed exclusively in coast

Court-martianed. Vessels employed exclusively in coast fisheries, or small boats employed in lo-cal trade, together with their appliances.

cal trade, together with their appliances, rigging, tackle, and cargo, are exempt from capture. All countries engaged in the present great war have agreed to the above rules, and it is the duty of the neutral nations to see that tacy are observed,

PORTION OF THE STR. NAVARRA'S CARGO SALVED

Yarmouth, N. S., Jan. 3—Five cargoes of hay and bobsieds have been landed at Yarmouth from the steamer Navarra, about 85 tons of hay and 100 bobsieds in all. A portion of the sleds were placed on board the Glenmorgan, which is to sail direct for Hawa a score so the is to sail direct for Havre as soon as the 00 bobsleds are saved. The position of the ship is unaitered, and surveyors say she may be floated if

NO LONGER ON CALAIS.

"If we retain the initiative it will mean that the German soldier gradually will become increasingly conscious that he is no longer marching on Galais or Paris; that instead of pressing forward, his role is merely to maintain what al-Paris; that instead of pressing forward, his role is merely to maintain what al-ready has been won, and that even his limited object has not been attained. Hitherto he has continually been told that reinforcements are about to arrive, and that an advance in force is imminent, while reports of startling victories on land and sea are disseminated broadcast. But such fabrications can no longer carry conviction when the troops realize that instead of attacking they are stationary or even retiring, and the morale of the enemy must inevitably be affected.

"The more thoroughly they are now deceived as to the true posi-greater will be the disillusionment, if they realize that ultimate victor greater will be the disillusionment, if they realize that ultimate victory is un-attainable; while upon such an army as that of the Germans, which has been taught to exait the cuit of the offensive almost into a fetish, the mere conusness of being reduced to acting on the defensive must have a most discouraging effect."

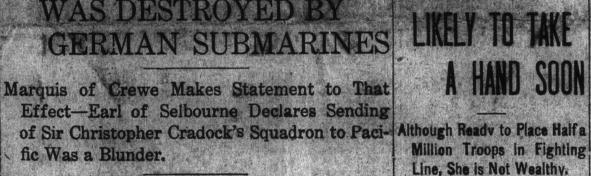
THE PROCESS OF ATTRITION.

After referring to the ultimate consequences of repeated small successes, the British observer adds: "It must not, however, be thought that this is other than very slow and laborious progress, or that the final result is within immediate reach.

"Yet every capture by the Allies of a trench represents lost ground for which the enemy expended much blood and treasure, and is a step forward in

the process of attrition, which eventually will bring the war to an end." The British observer states that he is able to confirm reports that there The British observer states that he is able to confirm reports that there is considerable sickness in the German ranks. He says that for some time past there has been a good deal of typhoid, and that some German units have even been withdrawn temporarily on this account.

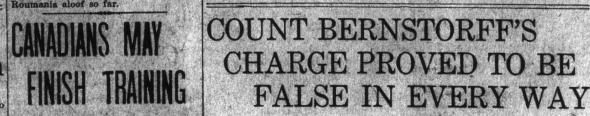
French Eye-Witness Tells



London, Jan, T, 7,80 p. m.—The Mar-quis of Crewe amounced in the house of lords today that it was the definite the battleship Formidable had been sunt by two torpedoes discharged by a sub-marine. The Earl of Selbourne, former first the house of lords, had described the squadron to the Pacific as a blunder, a the squadron, he said, was wholly in competent for the task assigned to it, to destroy the German warships there. He then asked for more information of new ships, including monitor, he about other, nava loperations. The Marquis of Crewe said he could a died, had been completely provided for. The Marquis of Crewe said he could

Close Terms With Britain

was doomed, signaled the other ships not to stand by. Will Not Touch Them. Washington, Jan. 7—Secretary Bryan bassador today that arrangements were being completed for the shipment, with-out molestation, of naval stores from the United States to the Netherlands and Italy. Germans Forbid It. Berlin, via London, Jan. 7, 9.80 p. m.— The German army authorities have is-sued a general order prohibiting in fu-ture troops in the field from fraternizing with forces of the enemy, as they did at



ON FRENCH GROUND Secretary Bryan Secures Information Which Causes Him to Reject German Request That United States Investigate Charges of Export of Dum-dum Bullets to Allies.

Camp Conditions at Salisbury Plain Remain Wretched on Account of Continuous Rains.

Washington, Jan. 7—Arrangements be-tween Great Britain, Italy and the Netheriands have been completed where by commerce to the latter two countries from the United States is expected to undergo a minimum of molestation. The steps taken by Great Britain and an-nounced in statements from both the British embassy and state department, to remedy some of the complaints made by the United States in its recent note to Great Britain and the plans encour-aged administration officials in the hope that commerce with the Scandinavian Washington, Jan. 7-The letter of Sec- | the letter of Dec. 10, 1914, of the Rem-

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