

SUCCESS OF ALLIES DEPENDS ON LABOR

Lloyd George Says Debarment of Unskilled Workers is Handicap.

NECESSITY IS URGENT

Enemy's Enormous Superiority in Munitions is Overcome Gradually.

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be able to continue to supply ourselves and our allies. "As to economy, I may cite as an example new contracts for gun ammunition, which is the principal item of expenditure—the cost of 15-pounder shells has been reduced 40 per cent., and of 4.5-inch howitzer shells 30 per cent.

"Spare Money, Spill Blood. "It is too early to talk of the danger of over-production. In the last great battle, also there was a tremendous accumulation of ammunition, the general idea being that with three times the quantity of ammunition they would have achieved 20 times the result. Two hundred million pounds, at the cost of only 40 days of war, would produce an enormous quantity of munitions back in the west or check their advance in the east was due to the tardiness with which the allies developed their mechanical resources.

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FOE UNABLE TO MEET WAR DEBT INTEREST

Income Must Be Doubled to Pay Six Hundred Billion Dollars More

HIGHER TAXES IN SIGHT German Reichstag Has Difficulty Ahead of Doubling Revenue.

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organization at the war office had not grown with the demand. They had to set up a great business organization to cope with the problem."

"Ireland Doing Well. Describing the steps taken to speed the output, Mr. Lloyd George mentioned particularly the purchase of machinery in America, and the acquisition by the government of raw material for many months to come for its allies as well as for itself. He emphasized the unexpected success which had attended munitions work in Ireland, thanks, he said, to the assistance of John Redmond.

"Turning to the new national factories, which he said now numbered 33, he declared they had been conspicuously successful, minimizing labor difficulties and enabling the government to check prices. There were also hundreds of private factories under the co-operative scheme that previously had not been engaged in munitions work. These factories alone, he said, were now making three times as many shells as the whole United Kingdom.

"Referring to American orders, Mr. Lloyd George said: "David A. Thomas comes back speaking in the highest possible terms of the service rendered this country by J. P. Morgan & Co., not merely in the selection of firms for contracts, as in fact, they saved us many millions of pounds by their efforts to reduce the cost of prices prevailing before they took the matter in hand."

GEDRIC RICE'S DEATH WAS DUE TO ACCIDENT

W. G. Phillips, Driver of Weston Road Jimney, Exonerated From Blame by Jury.

W. G. Phillips of 1115 College street, who was arrested on Dec. 11 charged with criminal negligence following a motor car fatality on the Weston road, when 12-year-old Cedric Rice, 44 Mulock avenue was almost instantly killed, was exonerated of all blame by the verdict returned by the jury at the morgue last night.

Phillips has only one arm and operates a Jimney on the Weston road. On Dec. 11 he was driving near Swift Hill at about 10 miles an hour, when the boy, who was running in the same direction, ran out from behind a wagon and was struck by the Jimney before the driver could stop it. Phillips has been driving a car for four years and Coroner J. B. Gibson and the jury were satisfied that he was not responsible for the fatality, and they returned a verdict of accidental death.

WEST LORNE WANTS HYDRO.

WEST LORNE, Ont., Dec. 20.—The ratepayers of West Lorne today endorsed a bylaw authorizing the town council to enter into a contract with the Provincial Hydro-Electric Commission for a supply of Niagara power for the town. The bylaw carried by a majority of 10, there being little opposition.

BIG ARMY WITHDRAWS TURKS WERE TRICKED

Brilliant Generalship in Evacuation of Suvla Bay and Anzac Zones.

SITUATION IMPROVED

Allies in Better Position to Carry Out Defensive Campaign.

(Continued From Page 1).

positions, and other thousands in holding them. The question has been constantly discussed why the general commanding the Dardanelles expedition did not try to make a landing near the centre of the peninsula in the beginning and cut off the Turkish troops on the lower end. When the attempt was finally made to secure a foothold higher up the peninsula, the Turks were fully prepared to meet it.

"Endured Great Privations. More or less arrangements lacked several essential details, particularly a supply of drinking water.

"On landing the soldiers found barbed wire entanglements stretching clear out under the water when they jumped from their small boats. To add to their sufferings the supply of drinking water was very short. John Redmond, the Irish Nationalist leader, said in a speech in the house of commons that the sufferings of the Irish troops on the Gallipoli were the worst known in the present war.

"Calamity Averted. An official announcement was made recently that the general responsible for the Suvla Bay operations had been removed from his command, but his identity is not yet known to the British public. General Sir Charles C. Munro reported in favor of withdrawing the troops when he took command at the Dardanelles, but the popular belief, shared by military men here, was that thousands of soldiers could not be taken aboard transports and effect complete withdrawal from their trenches without calamitous loss of life. The achievement must have been a difficult one, and the country is relieved that it has been done so without disaster.

"Whether Sound? The war office statement leaves the public to draw its own conclusions as to the destination of these Australian and United Kingdom forces, which must be well over 100,000 strong, but it is widely conjectured that any southward sweep of the Bulgarians, whether from the north, west or east, will sooner or later come in contact with them and that the trapper is connected with a determined effort to remain on the defensive in the near eastern theatre of war long as it is requisite to assure the success of a forward march.

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CANADIAN CASUALTIES

First Battalion. Died of wounds—Frederick Horne, Ontario, Ont. Wounded—William Rossel, Ontario.

Second Battalion. Suffering from shock—Corporal Frank J. MacLellan, Ontario. Dangerously ill—Sgt. Hart, Mirror, Alta.

Third Battalion. Dangerously wounded—Charles J. Armstrong, Ontario. Killed in action—David McGill, Scotland.

Wounded—Company Serg. Major William W. McEwan, Scotland; Corporal Henry Halsey, England; Frederick Harris, England.

Died of wounds—Corporal George H. Fancy, England.

Fourth Battalion. Accidentally slightly wounded—Joseph Bourque, N. Cole, Que.

Fifth Battalion. Wounded—John W. Ireland. Seriously ill—Arthur W. Simmonds, Winnipeg.

Sixth Battalion. Killed in action—Walter E. Glennon, Montreal.

Seventh Battalion. Seriously ill—Nathaniel Ward, Harcourt, N.E.

Eight Battalion. Died—Kingley A. Evans, Scotch, Man. Princess Pats. Dangerously ill—Joseph C. Shifton, Annapolis Royal, N.S.

Royal Canadian Regiment. Died of wounds—John F. Usher, England.

Lord Strathcona's Horse. Wounded—Oliver S. Gould, Winnipeg. Severely wounded—Acting Lance-Corp. McCann, Hamilton, Ont.

First Canadian Mounted Rifles. Slightly wounded—James W. Johnson, Bedford, Man.

Fourth Regiment, Can. Mounted Rifles. Wounded—William C. Elsworth, England. Suffering from shell shock—Richard Hooker, England.

Twelfth Regiment, Can. Mounted Rifles. Dangerously ill—Frederick W. Knight, Toronto.

First Brigade, Canadian Field Artillery. Died of wounds—Gunner Ernest E. Foley, England. Gunner John G. Pearson, England. Canadian Volunteer Cyclist Company. Seriously ill—R. R. Abbott, England. No. 3 Canadian Field Ambulance. Severely wounded—Arthur Millen, England.

GREATER INCREASE AFTER WAR.

BERLIN, via London, Dec. 20, 11.10 p.m.—Dr. Karl Helfferich, secretary of the treasury, announced in the reichstag today that the next budget cannot be balanced without additional income, and that proposals for new taxation are now being drafted for submission to the reichstag.

The secretary declared that no matter how large a war indemnity was received the war would impose a colossal burden of taxation on the Germans, and they must expect greatly increased taxation after the war.

DUTCH STOP PURCHASE OF U.S. SOLE LEATHER

AMSTERDAM, via London, Dec. 20, 11.06 p.m.—The Nieuwe Van Den Dag says it learns that the importation of American sole leather will be stopped, and that no further licenses will be given for the export of men's high grade shoes.

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Palmer does not conceal the fact that his sympathies lie entirely with the British, French and Belgian forces, with whom he has been since the commencement of the war. He has a so seen fighting in Greece and Manchuria and in many other places. So high does he stand that he has been selected by Lord Kitchener as the one American War Correspondent to accompany the British Army.

Mr. Palmer's vivid despatches and articles in the daily papers and reviews have been amongst the most readable and most accurate that have come from the seat of war. Being an accredited war correspondent and established at headquarters, he has had a better chance to know and see what the British Army was actually doing.

The wonderful ability displayed in his graphic account of the Battle of the Marne—which he puts down as a decisive battle for civilization, holding that if England had not gone into the war the Germanic powers would have won in three months—grips by its ring of truth and its tremendous interest.

Perhaps the feature most appealing to us is the chapter devoted to the Canadians, under the title, "The Maple Leaf Folk," telling of the heroic work our boys have done on the battlefield.

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