

General Erdelli, Military Governor of the Russian Capital, Treacherously Assassinated

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WEATHER—FAIR

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## BRITISH CAPTURE ST. JULIEN, CLOSING WAR'S THIRD YEAR

THE KAISER: "DER FURDER, DER VORSER!"



### INCOME TAX WILL APPLY TO UNMARRIED MEN RECEIVING \$1,500 OR MORE PER ANNUM

Sir Thomas White Accepts Suggestion of Mr. W. S. Middlebro, Although New Amendment Does Not Apply to Men with Dependent Relatives.

W. F. NICKEL FAVORS A DIRECT TAX  
RATHER THAN AN INDIRECT LEVY

Hon. George P. Graham Suggests That Wherever  
a Family Exceeds Three There Should Be Ex-  
emptions for Each Child.

(Canadian Press).

Ottawa, Aug. 3.—The house went into committee on the income tax bill. A number of members suggested that there should be exemption for married men with children as opposed to married men without children.

Hon. George P. Graham suggested that wherever a family exceeded three there should be exemption for each child.

Sir Thomas White promised to take the suggestions into consideration but saw difficulties in the way. He was afraid that it would add to the cost of collection. He also doubted whether there could be distinction made between children and dependents, nearly every man would claim he had dependents.

W. E. Knowles of Moose Jaw said that if it was right that a single man should have less exemption than a married man then on the same principle, a married man without children should have less exemption than a married man with children. He thought the question of dependents could be dismissed.

Favors Direct Tax.

Mr. W. S. Middlebro was of the opinion that the exemption for unmarried men was too high. He moved that it be reduced from \$2,000 to \$1,500.

Mr. W. F. Nickel said that he always favored a direct tax rather than an indirect tax.

Mr. Nickel thought the exemption should be lowered, and suggested an exemption of \$2,000 for a married man and \$1,500 for an unmarried man. Mr. Nickel said that the people in the cities who were earning from \$1,200 to \$1,800 were beginning to feel the burden of taxation was not fairly distributed. Men of fixed salaries had no way of increasing their income. The cost of living had increased in the last few years nearly 40 per cent.

Mr. Nickel was of the opinion that the tax on larger incomes was quite inadequate.

Sir Thomas White said he would

accept the suggestion made by Mr. Middlebro. As to whether the rate was high enough or not, especially on the higher incomes, he remarked that the only tax that was popular was the tax on the other fellow. In framing this income tax, he said he had had regard to the fact that the people of this country had contributed very materially to the patriotic, Red Cross, and other war funds, and this country had raised nearly \$50,000,000 dollars in three years by voluntary contributions. It was very much in the interests of the prosecution of this war that more should continue to give to these funds, and they should not dry up these sources of revenue. Also, if the income tax in Canada was made appreciably higher than in the United States, Canada would lose without doubt in the ultimate results. It had to be remembered—moreover, that this income tax measure was not a finality.

Continued on page three.

### THIRTY-EIGHT SEAMEN DELIBERATELY DROWNED BY GERMAN SUBMARINE

Barbarians Smash Lifeboats with Axes, Remove  
Lifebelts and Leave Helpless Men on Deck of U-  
Boat When She Submerged.

A British Port, Aug. 2.—Thirty-eight members of the crew of the steamship Belgian Prince were drowned in a most deliberate manner by the German submarine which sank her, according to the account given by survivors of that British vessel who have reached British shores. The chief engineer who was perilously near drowning, gave the following narrative of his experience:

"About eight o'clock on Tuesday evening when we were 200 miles off land, I saw the wake of an approaching torpedo. The vessel gave a lurch as she was hit, and I was thrown to the deck among the debris. The vessel listed heavily and we all took the boats. The submarine approached and shelled the vessel and then ordered the small boats alongside the submarine. The skipper was summoned and taken inside. The others were mustered on the deck of the submarine.

### F. B. CARVELL ADMITS HE ADVISED PAYMENT OF MONEYS THAT HE NOW TERMS AS "GRAFT" OF PEOPLE'S MONEY

Government Counsel Admits He Countenanced  
and Condoned Payment of Moneys by Ken-  
edy & Macdonald—Directors Unaware  
of Payment and Acted Inde-  
pendently.

"You Told Me You Advised Them to Pay the  
Money," Swears Richard O'Leary, Addressing  
Carvell—Directors O'Leary, Palmer, Girouard  
and Sumner Testify No Influence Used.

Startling revelations involving F. B. Carvell, M. P., were made at yesterday afternoon's session of Commissioner Stevens' court of inquiry into the affairs of the St. John and Quebec Railway Company.

Richard O'Leary, former vice-president of the board of directors, swore positively that Mr. Carvell informed him that he (Carvell) advised Kennedy & Macdonald to pay the money which they said Thomas Nagle had demanded, and Mr. Carvell stood up in court and admitted that Mr. O'Leary's statement was correct.

"You told me you advised them to pay the money," said Mr. O'Leary. "And they were fools to have paid it," he added. "You gave them bad advice."

Mr. Carvell admitted that he had advised Kennedy and Macdonald to pay over \$7,500 saying that the payment was necessary in order to get the permission of the Nova Scotia Construction Company to sub-let a portion of the company's contract to Longley and Innes. He charged Mr. O'Leary with divulging a private conversation, but did not deny the authenticity of the former vice-president's statement.

This is the same transaction that Mr. Carvell termed as "graft of the people's money." He repeated the term "graft," with reference to the transaction yesterday, but could give no satisfactory explanation of his reason for advising his clients to participate in this transaction of "graft of the people's money." Mr. Carvell was the only other man exclusive of the parties directly concerned who knew of the payment. He did not take the clear, honest and straightforward course of reporting the matter to the government or to the board of directors of the St. John and Quebec Railway Company, but he countenanced and condoned this "graft of the people's money." Indeed he was the one and only man to advise the payment of the money. The public will draw their own conclusions of the propriety and honesty of his course. Comment is unnecessary.

At yesterday's session, four former directors of the St. John and Quebec Railway Company, Messrs. Richard O'Leary, John D. Palmer, Edward Girouard and F. W. Sumner, swore positively that they acted independently, free of all influence either from contractors, members of the government, or other parties on all matters appertaining to the letting of contracts and in every other connection. That they were unaware of any payments made to any one by the contractors, was also the sworn testimony of the directors.

Frankly and exhaustively the directors reviewed every action on their part, and there could be no doubt in the minds of every one present that they spoke the truth. Indeed Mr. Carvell himself said that he admitted the directors were not influenced by either Mr. Tennant or Mr. Nagle who were endeavoring to secure contracts for companies with which they were associated.

The matter of the increased prices on the upper section from Centreville to Andover was gone into exhaustively, and the directors swore that they made the increase after being fully convinced by their own engineer, Ross Thompson, that the work could not be undertaken at the former figures. The directors invariably testified that they exercised their best business judgment in all matters and that they were convinced they had awarded the contract at a fair and reasonable figure.

R. B. Hanson, K.C., appeared as counsel for the former directors at yesterday's sessions. M. G. Teed, K.C., represented the Nova Scotia Construction Company, and F. B. Carvell, K.C., appeared for the government. The inquiry will be resumed at 10 a. m. to-day.

### CASUALTIES

Ottawa, Aug. 3. Infantry. Died of wounds: James Green, Halifax. Wounded: Lieut. F. T. Mowatt, Campbellton, N. B. Seriously ill: Lieut. Charles E. S. Smith, Truro, N. S. A. E. Cunningham, Antigonish, N. S.

### SLACK WIRE MAN FALLS TO DEATH

New Haven, Ct., Aug. 2.—A slack wire performer, known professionally as Daredevil Whittaker, slipped as he was about to begin his act last night at a nearby shore resort and fell to the death of thousands fell thirty feet to his death.

### ARMY OF BRITAIN AGAIN SCORES IMPORTANT GAINS IN THE FLANDERS REGION

Field Marshal Haig's Troops Once More Establish  
Themselves in the Town of St. Julien Which  
Changed Hands Several Times.

BRITISH ALSO MAKE SOME PROGRESS  
NEAR WARNETON SOUTH OF HOLLEBE

East of Monchy Le Preux the German Forces Have  
Been Driven from Nearly All the Ground Cap-  
tured Thursday Night.

London, Aug. 3.—Northeast of Ypres, in Flanders, Field Marshal Haig's troops again have established themselves in the town of Saint Julien, from which they were driven early this week, says the official statement from British headquarters in France tonight.

South of Hollebecq, between Ypres and Warneton, the British made some progress.

East of Monchy Le Preux the Germans have been driven from nearly all the ground they captured Thursday night.

On Tuesday, the statement says, the Anglo-French troops captured 6,122 prisoners.

The Statement.

The statement reads: "In the course of the day our troops again established themselves in St. Julien, North of the Ypres-Boulers railway, bodies of German infantry, massing for a further counter-attack, were broken up by the fire of our artillery and the enemy was unable to develop his attack. We gained ground during the night south of Hollebecq. East of Monchy Le Preux the ene-

my has been driven from nearly the whole of the ground gained by him in last night's attack. Hostile raiding parties were repulsed during the night northeast of Gezeaucourt and southwest of Fontaine Les Crochilles. Parties of our troops successfully raided the enemy trenches south of Lombarzyde.

"The number of German prisoners captured by the Allies in the operations on Tuesday was 6,122, including 132 officers."

### WAR ANNIVERSARY TO BE GENERALLY OBSERVED TODAY

St. John, Halifax, Charlottetown, Moncton, Hillsboro, Sackville, Sussex, Chatham and many other places will hold appropriate exercises today to commemorate the third anniversary of the declaration of war by Great Britain against Germany.

In several places outdoor meetings will be held, if the weather is fine, and in others there will be patriotic meetings indoors this evening.

This afternoon will be a half holiday in the province by request of His Honor Lieut. Governor Gensong, although except in some of the larger places business will not be entirely suspended.

The anniversary is to be fittingly observed throughout the British Empire and in parts of the United States. There will be a generous display of flags everywhere, if business men do not forget to have the bunting raised before they shut up shop.

The churches in New Brunswick will observe the anniversary, although practically all of them will transfer the date to Sunday.

The stock exchanges of Canada and the United States and Great Britain will be closed today and those of the old country on Monday as well.

### GOVERNMENT MAJORITY 9

Ottawa, Aug. 3.—The Bostock amendment proposing to defer until after a general election the carrying into effect of the military service bill was defeated in the senate tonight by a vote of 44 against 35 for the amendment.

Mrs. Thomas D. Breen.

The death is announced in West Roxbury, Boston, of Mrs. Sarah Breen, wife of Thomas D. Breen, formerly of Chipman, N. B.

### PETROGRAD GOVERNOR IS SLAIN

General Erdelli, in Charge of  
Military Organization,  
Shot in Back.

WAS SUCCESSOR OF  
GEN. POLOVTSEFF

Slain Governor Had Been  
Commander of Eleventh  
Army Corps.

Petrograd, Aug. 3.—General Erdelli, military governor of Petrograd, says the Bourse Gazette, has been killed. He was treacherously shot in the back.

Gen. Erdelli, a despatch from Petrograd on July 25 announced, had been appointed military governor of Petrograd, in succession to Gen. Polovtseff, who had resigned after failing to put down rioting in the Russian capital. Gen. Erdelli had been commander of the Eleventh Army.

Gen. Gurko Arrested.

London, Aug. 3.—The Russian General Gurko, former commander of the armies of the south of the Russian western front, has been arrested, according to Reuter's Petrograd correspondent.

The retirement of Gen. Gurko was announced last May. It was stated at the time that he had been ordered dismissed because he objected to interference by the council of workmen and soldiers' delegates with the provisional government.