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RUSSO-RUMANIAN DRIVE BEGINS IN SOUTH CARPATHIANS

Further Retreat in East Galicia British Shipping Losses Increase
Hot Fighting in Stanislaw Streets Germans Are Routed in East Africa
WHITE ANNOUNCES DOMINION INCOME TAX—BALKAN CAMPAIGN CONFERENCE

FEDERAL INCOME TAX LEVY
TO RAISE REVENUE FOR WAR

Finance Minister Announces Im-
post on Sliding Scale Applicable
to Incomes in Excess of Two
Thousand Dollars—Expropriation
of Railway Lands Fore-
shadowed.

By a Staff Reporter.
Ottawa, July 25.—Canada is to have
a Dominion income tax. This was the
announcement made to the house by
Sir Thomas White, minister of fi-
nance. The resolutions providing
for the tax were promptly reported
from the committee of ways and
means and a bill bringing it into ef-
fect will be introduced tomorrow.

The finance minister in presenting
his resolutions admitted there were
many arguments against the Dominion
Government resorting to direct tax-
ation, but in his opinion they were all
swept away by the manifest necessity
for more revenue. The conscription
bill, he said, would shortly add 100,000
men to the Canadian expeditionary
force.

On Tax on Sliding Scale.
The income tax which has been per-
sistently demanded by the Liberals for
two years past met with little opposi-
tion when it came to be considered in
committee. The tax is fairly stiff and
applies to all incomes over \$2,000 in
the case of unmarried men or widows
without children and to all in-
comes over \$3,000 in the case of mar-
ried persons. The tax rises on a sliding
scale from 4 per cent. on incomes
between \$2,000 and \$5,000 to 25
per cent. on incomes exceeding \$100,000.
There is also a 4 per cent. tax upon
the net incomes of corporations and
joint stock companies. Opposition
members could find little to criticize,
but suggested that the exemption
should be lower and that the tax in
the case of large incomes should be
more severe, especially in the case of
unmarried men.

On Expropriation of Lands.
The balance of the sitting was oc-
cupied with the soldiers' settlement
bill. Many of the members doubted
if the returned soldiers would prove
to be successful pioneers, and ad-
vocated settling them upon the western
lands near railway lines. The extent
of the settlement in eastern Canada,
Sir Thomas White observed that the lands owned
by railway corporations and other
private corporations near the rail-
ways being in the main withheld from
settlement and cultivation, presented
a serious problem. It is to be soon
dealt with by the Dominion Govern-
ment. To properly settle the
northwest, he believed it
(Continued on Page 3, Col. 1).

LIBERAL CAUCUS AT
WINNIPEG YESTERDAY

Manitoba Attorney-General Pre-
sides—Sifton and Others Pres-
ent—No Announcement.
Winnipeg, July 24.—Preparatory
to the convention of Liberal members
in Winnipeg a caucus was held to-
day here, presided over by Hon. A. B.
Hudson, attorney-general of Mani-
toba. Present were Hon. G. R.
Mitchell from Alberta; Premier Mar-
den and Hon. Geo. Bell of Saskatchewan,
and Hon. J. G. McCreary of Mani-
toba were present at this caucus. No
announcement has been made.

The Political Tornadoes at Ottawa

Ottawa, July 25.—(Special)—The politi-
cians at last see that Canada is in
the throes of a political revolution. Sir
Wilfrid Laurier as leader, the Liberal party
as an organization, have been shattered
by the big wind that began to blow last
week. The Liberal papers have cut loose
from the party and gone to the tornado
cellars. More rumblings fill the air.

It is the Conservative party the next to
be shocked? For six weeks Sir Robert
Borden has been calling for assistance and
he has offered to drop half of his cabinet
if he can get conservative Liberals to
take their places. That alone means disin-
tegration almost as far-reaching as the
events of the past week have been to the
Liberals. The political weather prophets
say that in less than a month both the
old parties will be dead and buried and
embalmed, and a new national party
called into being.

There are people here and elsewhere
who see the hand of Wallace Nesbitt in
the selection of some of the names that
are to play a part in the food control in-
vestigations. That will cause further
quakes.
As for the win-the-war convention in
Toronto and the convention of western
Liberals in Winnipeg, all the signs indi-
cate more disturbances for the two old
parties. The appointments to the senate
will be a further sign of squally weather.

Effect of Income Tax

Tax of four per cent. upon incomes in excess of \$2,000 per annum in
case of unmarried men or widowers without children.
Tax of four per cent. upon incomes in excess of \$3,000 in case of other
persons.
In addition the following super-tax will be imposed:
Where income exceeds \$6,000 and does not exceed \$10,000, two per
cent.
Where income exceeds \$10,000 and does not exceed \$20,000, five per
cent.
Where income exceeds \$20,000 and does not exceed \$30,000, eight per
cent.
Where income exceeds \$30,000 and does not exceed \$50,000, ten per
cent.
Where income exceeds \$50,000 and does not exceed \$100,000 fifteen
per cent.

A tax of 4 per cent. on incomes exceeding \$3,000 in the case of corpo-
rations or joint stock companies.
How the tax will work out is shown concretely by the following table:

Table with 3 columns: Income, Unmarried men and widowers without dependents or children exempt \$2,000, All other persons exempt \$3,000. Rows range from \$4,000 to \$200,000.

FOE PRESSES BACK
POSTS AT MONCHY

British Lose Some Ground
Before Flammenwerfer
Attack.
RAIDING NEAR YPRES

Berlin Reports Intensive In-
crease in Gunfire in
Flanders.

London, July 25.—The British official
report from headquarters in
France tonight reads:
"Following a heavy bombardment of
our trenches east of Monchy-le-Frenais
the enemy early this morning again
attacked our positions on Infantry Hill,
and with the assistance of flammen-
werfer succeeded in driving in a few
of our advanced posts on a front of
about 200 yards.
A German raiding party was driven
back by our rifle fire this afternoon
north of Bullecourt. Our troops raid-
ed the enemy's trenches north of Ypres
this morning at a number of points
and captured several prisoners.
"Yesterday a thick haze interfered
greatly with operations in the air.
Bombing raids, nevertheless, were car-
ried out by our airplanes during the
day, as well as the previous night.
Fighting took place in the evening.
Four German machines were driven
down out of control. Three of our
machines are missing.
The supplementary report issued
from German headquarters tonight
reads:
"The firing duel in Flanders has in-
creased to the most extreme intensity.

GERMANY SHIPS GOLD
TO IMPROVE EXCHANGE

Twenty Million Marks Arrive at
Copenhagen for Deposit.
Copenhagen, July 25.—Germany again
is attempting to improve the low rate of
exchange on the mark in Scandinavia.
The newspapers report a shipment of 20,
000,000 marks, gold, for deposit in Cop-
penhagen, and say that a large amount of
securities for Sweden were received from
Germany yesterday.

THOROUGHLY GENUINE BAR-
GAINS.

These are busy days at Dineen's.
The clearance sale of
English straw and
Panama hats, at
prices reduced
one-third, has
drawn the largest
crowd of patrons
to Dineen's since the fire sale of last
April. The Dineen hats are all of an
exclusive quality. There is not a
cheaply-made hat in the store. A
genuine bargain implies value in quan-
tity for cheapness in price, and every
Dineen hat is a thoroughly genuine
bargain. Dineen's, 140 Yonge street.

TAXES AND FOOD
GIVEN ATTENTION

Interest Shifts Temporarily
From Conscription Bill
at Ottawa.
HASTEN LEGISLATION

Dissolution of Parliament in
Three Weeks is
Looked for.

Ottawa, July 25.—The first sitting
of the committee to inquire into the
report of W. F. O'Connor, K.C., on
the gold storage and banking com-
pany, will be held in the senate
today at 10 o'clock. It was an-
nounced here today.

THE BLOOR STREET VIADUCT.

The city hall men are waking up to
quick action on the four pavements ad-
joining the four ends of the two bridges
of the Bloor street viaduct. But, so far,
the action is not so vigorous. Another
Foster must press the accelerator harder
and get down to specific declarations
from the officials.
Starting with the Don span (the main
one), there has to be built 300 feet of
pavement and sidewalks to the west-
ward with the archway of Castle Street
erect on the bridge-head. There is no rea-
son why this work should not be under
way tomorrow. The question of tracks
can stand, if it must, and the centre sec-
tion thereof also left for a time. But
the roadway on either side, and the con-
crete sidewalks, can be completed. A
little piece of macadam filling may have
to remain in order to allow for settling
of the earth next the bridge foundation.
What is the policy of the board of con-
trol and the works department on this
part?
Next there is the wooden blocking of
the two roadways clear across the big
Don span. Have these blocks been order-
ed, and cannot work thereon begin the
day the contractors turn over the work?
The concrete sidewalks on either side
of this bridge will be ready for the public
on the day the bridge is finished. Will
the city's sidewalks connecting up there-
with be ready?
Next, is the roadway in Rosedale, at
the west end, into the east end of the
pavement and sidewalks to hit Parliament
street, 200 feet of roadway. It is
very much in the rough; has only been
grubbed of its tree roots. Why not grade
it at once for the pavement?
Two hundred feet of roadway and side-
walks will actually connect this bridge
with the archway of Castle Street.
Will this be ready? This 200 feet in Ros-
edale and the 920 at Danforth end, and
the blocking paving of the roadways on the
main span, will let the public get across
and connect the centre of the city with
portion across the river. Will Mayor
Church and Controller Foster and Com-
missioner Harris have this much ready?
That's the irreducible minimum.
Then there is the blocking of the
smaller or Rosedale bridge, and 30 feet
of pavement and sidewalks to hit Parliament
street. What about that? Will the mayor
and the controllers have a definite report
on these several works made by Colonel
Rolly Harris and presented to the people?
A world reporter sent a good deal of
time at the city hall yesterday, but could
get little exact information. He will see
the mayor again today. The 40,000 people
that Controller Foster spoke of yester-
day are entitled to know if the city's
part of the viaduct is to be ready and if
that part that can be started are to be
started forthwith.
Colonel Harris is at Ottawa looking
after the third reading of the clauses in
the railway bill protecting the rights of
Toronto and other municipalities. It has
yet to be put thru the senate, where
opposition is expected. Otherwise he'd
be here pushing on this important work.
The prospective viaducters are awaiting
his return.

THE UP-YONGE PROBLEM.

And will Mayor Church tell the public
what headway is being made to buy out
the Metropolitan on Yonge street within
the city limits? The summer is here and
there are over three miles of track-lay-
ing and paving to do. Are the officials
with the matter in hand still abidingly
waiting? Or must the citizens appeal to
King George, who built a mile of pave-
ment on Merton street and a mile into
Ridley aviation camp in ten days, to be
appealed to for the desired relief? Where
is Ald. Beaudin and Ald. Ramsden?
Where is Ald. Bell and Ald. Risk? Ald.
Maguire and Ald. Burgess? And good
old John O'Neill, who is willing to take
the royal honors at the sailing base
when Mayor Church is at the bank with
Finance Commissioner Bradshaw nego-
tiating an emergency loan, or Controller
Foster helping Robert John Fleming
in the hayfields of delightful Pickering?
Get on the job, you Merry Gentlemen!

EARL GREY'S CONDITION
CRITICAL.

Canadian Associated Press Cable.
London, July 25.—Earl Grey has
undergone another operation and his
condition is now announced as crit-
ical.

NEARLY EIGHTY
LOSE LIVES IN
EASTERN MINE

Explosion is Worst in History
of Cape Breton Coal
Fields.

HEROIC RESCUE WORK

Several Volunteers Suffocated
in Effort to Reach En-
tombed Men.

Sydney, N.S. July 25.—The first
explosion in the history of the Cape
Breton coal fields occurred at 7:30
this morning in No. 2 colliery of the
New Waterford district.
An official estimate places the num-
ber of dead at 62, but it is believed
the death toll will approach 80. These
include 50 mine workers, 22 New-
foundlanders and 10 foreigners. About
270 men were in the mine at the
time, and colliery officials express sur-
prise that the loss was not greater.
Up to a late hour this afternoon,
only a small number of bodies had
been taken out. The greater number
will be where they are until tomor-
row.
Great crowds of people, includ-
ing weeping women and children, still
surround the pit mouth.
No sign of fire.
General Superintendent Tonge and
a group of officials who were early on
the spot went thru the colliery this
morning.

BRITISH DEFEAT ENEMY
IN AFRICAN CAMPAIGN

Germans Suffer Severe Reverse at Naroncombe—
Main Body Retreats Southward After Sus-
taining Quite Heavy Losses.
London, July 25.—British troops in German East Africa have won new
victories over the retreating German forces there and the main body of the
enemy is now in retreat toward the south, after having suffered heavy losses,
says an official announcement issued today. The text reads:
"An engagement on July 19 at Naroncombe resulted in the enemy
being driven from all his positions. The main body is retreating south-
ward. The enemy's losses were heavy.
"A small German column is at large on the north shore of Lake
Masarya.
"We are in touch at Libuka with the enemy retreating toward
Mahenge in the southeasterly section of the colony.
"Portuguese East Africa we are pursuing the enemy from Mzimba
toward the Rovuma River.

BRITISH VESSELS SUNK
IN WEEK NUMBER 24

Twenty-One U-Boat Victims Were of More Than Six-
teen Hundred Tons—Losses Show Increase
Over Previous Week.
London, July 25.—Twenty-one British vessels of more than 1,400
tons each and three of less than 1,000 tons each were sunk last week by
mines or submarines, according to the weekly admiralty report on shipping
losses. One fishing vessel was also lost.
The admiralty's statement follows:
"Arrivals, 2,791; sailings, 2,791.
"British merchantmen sunk by mine or submarine, over 1,600 tons,
including two previously, 21; under 1,000 tons, three.
"British merchant vessels unsuccessfully attacked, including three
previously, fifteen.
"British fishing vessels sunk, one."

PIRATES' LUCKY DAYS.

London, July 25.—The report of the
week's sinkings of British merchant-
men would have shown the low re-
cord, except for a couple of days when
the Germans had unusual luck. Even
with these exceptional days, the total
putting forward on all fronts and
which, no doubt, are reflected in the
orders to the submarine commanders
to support the land offensive by stren-
uous efforts on "the submarine front."
On the whole, the navy may be
said to be fairly well satisfied with
the progress being made against the
underwater enemy, and the feeling is
that the time is all on the side of
the allies, as every week sees anti-
submarine methods developing and the
co-ordinating of the various parts of
the anti-submarine improving.

RUMANIAN OFFENSIVE BREAKS
WIDE SECTION OF FOE LINE

The Daily World Goes to Two Cents

The World, after thirty-seven years' service in supplying the
public with a one-cent morning newspaper, has been compelled,
owing to the abnormal increase in the cost of production, to make
the price two cents per copy. The new rate will be in effect on
and after Wednesday, August 1.

The added revenue will not remain in the coffers of The
World, for the papermakers are taking an additional sixty cents
per hundred pounds for the white stock. Wages in all four
mechanical departments have been increased from \$2 to \$4.50
per week under agreements recently made with the various unions.
Prices for stereotyping metal and inks and other supplies have
all been increased from 20 to 100 per cent. As the absolute
limit has been reached, the one cent paper cannot be stretched
further.

The special carrier delivery will still be maintained in To-
ronto, Hamilton and Brantford. The rate for this delivery will
be \$5.00 per year, \$2.50 for six months, and forty-five cents per
month.

Delivery by mail to any postoffice or rural route (except To-
ronto) in Canada, the United Kingdom and the United States, the
rate will be \$4.00 per year or forty cents per month. Single
copies two cents everywhere.

Price lists showing the new rates are being mailed to all
World newdealers and subscription agents.

The World is grateful for the generous patronage from both
readers and advertisers during its thirty-seven years' sojourn here,
and trusts to merit it for the future.

Allies Win Notable Success in
South Carpathians—Capture
Nineteen Guns—Russian Re-
tirement in East Galicia Still
Continues, The Resistance
Stiffens.

Petrograd, July 25.—A report of the
general staff of the Rumanian army
received here today says:
In the south Carpathians troops
under Gen. Roforsko assumed the
offensive and occupied the Villages
of Meresoi and Volochany and captured
several hundred prisoners and 19 guns,
including some heavy ones. We owe
this success to the skilful manoeuvring
and co-operation of the Rumanian and
Russian forces and also to the vigor-
ous activity of our allied artillery.

The powerfully organized enemy
line has been broken on an extensive
front. The bravery and devotion of
the troops was incomparable. Among
other incidents, one battery lost its
entire personnel except seven men,
who continued firing without cessation
and finally succeeded in silencing the
enemy's fire. Lieut.-Gen. Stcherbachev
(commander of the Russian forces in
Rumania) decorated all these men with
the St. George's Cross.

Corps Withdrawn.
The Russian Guards corps defending
Tarnopol retreated, unpressed by the
enemy, says the official statement is-
sued by general headquarters tonight.
But the Frobenyevsk and Semosky
regiments remained faithful to duty
and are fighting southeast of Tarnopol.

In the streets of Stanislaw there were
disturbances beyond engagements. The
population threw grenades on the re-
tiring Russian troops.

The Associated Press says: Even
the actual entry of women soldiers
into battle on the eastern front has
been insufficient to imbue the ranks of
the recalcitrant Rumanians with patri-
otism. They are still deserting in
large numbers in Galicia, leaving a
virtually free road open for fresh ad-
vances by the Germans and Austro-
Hungarians.

ALLIES WILL STUDY
BALKAN WAR AIMS

Premier Ribot Opens Import-
ant Military Conference
at Paris.
GREKS ALTER PLANS
Composition of Army Will Be
Affected by New
Ally.

Paris, July 25.—A conference of
representatives of the allied
who are concerned in the military and
political situation in the Balkans be-
gan here today. It has been decided
that the utmost secrecy shall be main-
tained with regard to the delibera-
tions.

The conference opened at 10 o'clock
this morning, and Alexandre Ribot,
French premier and minister of foreign
affairs, addressed the gathering, say-
ing:
"At the conference in London, April
23-25, France and England decided
to confer anew in July with the pow-
ers, to examine into and determine
upon the future military action in the
Balkans. Owing to this resolution we
have asked you to meet us today.

"An event has arisen within the two
months. Greece, whose sympathy
was attached to the allies, being
prevented by the unconstitutional ac-
tion of a personal power from taking
the direction in which her interests
as well as her traditions inclined her,
the guaranteeing powers resolved to
re-establish, if necessary forcibly,
the authority of the Hellenic consti-
tution.

"Greece today is ranged on our side.
Her coming to our cause modifies con-
ditions in the Balkans, and we shall
have to examine into this new state
of affairs and study together how the
composition of the army of the orient
and its future operations will be af-
fected. All the nations will be af-
fected. The Balkans are represented here.

"We can, with the deepest satisfac-
tion, state that the three years of war
have weakened neither our union nor
our will to conquer. France is happy
to welcome you."