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LATEST NEWS

SHORT ITEMS OF INTEREST FROM VARIOUS SOURCES,

The Duma Called.

Petersburg, Thursday. By Imperial Ukase, the Duma has been summoned for the 22nd of February.

Salandra Cabinet Shaken

Lugano, Thursday. The Secolo writes that in Turin it is understood that Salandra wishes to re-constitute his cabinet.

Besnard Retires

Paris, Thursday. As a consequence of the last Zeppelin visit over Paris, M. Besnard, the much attacked minister of Aircrafts, has resigned.

Forno Occupied. Paris, Thursday. It is announced that the Island of Forno, north of Corfu, has been occupied by the French troops.

The First Train

Copenhagen, Thursday. The first passenger train between Petersburg and Sorozkajabucht, which connects the capital directly with the White Sea, has started yesterday.

Consuls Recalled.

Sofia, Thursday. Owing to existing military conditions it has been thought advisable to withdraw the Greek and Roumanian Consuls from Monastir.

Against Conscription

London, Thursday. The Union of Miners, which had held aloof from the Working Men's Association in its opposition to Conscription, now comes out against forced military service.

Essad Pasha's Request

Geneva, Thursday. According to an Athens despatch, Essad Pasha has made inquiry as to whether, in case it should become necessary, he would be allowed to transfer his troops to

The Roman Catholic Albanians

Bern, Thursday. The powerful Mallisore tribe of Albanians, who are by religion Roman Catholics, have attached themselves to the Austro-Hungarian forces and are acting in the capacity of advance guard in the march upon Durazzo.

Morgan's Journey

New York, Thursday. Mr. Pierpont Morgan has started for Europe with the purpose of negociating a French loan of 250 millions of Dollars. Security will be given in the form of American bonds.

Zeppelin Damages

Amsterdam, Thursday. It would appear that the greatest damage done during the last Zeppelin raid over England was at Birmingham where nine large factories and 31 houses were demolished.

Lieutenant Berg.

New York. Thursday. Lieutenant Berg of the "Appam" has requested that he be allowed to remain in Norfolk without being interned. He says that he is able to continue the journey aboard the "Appam."

Essad for Corfu

Athens, Thursday. According to news received Essad Pasha and his army, said to be 20,000 men, are expected in Corfu. The number of Servians in Corfu are stated to be 80,000, but largely composed of refugees who are in the most terrible condition and utterly exhausted.

The Albanian Campaign.

Paris, Thursday. The Bulgarians have reached Tirana on their march to Durazzo. The Italians have concentrated 40,000 troops at Valona and intend to make as strong a resistance as possible there. The Austro-Hungarian aeroplanists are very active over Durazzo and have dropped bombs in the camp of Essad Pasha and amongst the shipping lying in the harbor.

England's Greatest Needs.

London, Thursday. In a speech at Manchester, Mr. Runciman said that the greatest trouble that Great Britain had known throughout the war had been the lack of ships for transport purposes. The Admiralty had more than ten thousand merchant ships at its disposal for military purposes and thousands more were wanted. The trouble was further increased by the demands of the allies of England.



The Bishop of London (to the heroic crews of the "Baralong" and "King Stephen": "England stands solid behind you. The Germans have killed all chivalry in this war." (Extract from Drawn for the C. T. by the famous cartoonist A. M. CAY. speech at Stoke Newington.)

British and German Financial Comparisons

State Secretary of the Treasury Doctor Helfferich Takes Up The Challenge of Sir Edward Holden And Asks Some Counter Questions. False Reports About Germany Which Serve in Place of the Truth in England. British People Pay Double as much Per Capita as Teutons.

Holden, Managing Director of the City and Midland Bank of London, when he undertook to make attacks upon the conditions of German finances, for he has been taken to book by Doctor Helfferich, the State Secretary of the Treasury who completely demolishes the rash utterances of the Englishman who had set himself to ask a number of leading questions regarding the latest speech of Doctor Helfferich in the Reichstag, with the object of showing that the statements then made were wrong and misleading throughout.

The questions asked by Sir Edward Holden, and which were evidently intended to be of a crushingly damaging nature, have been taken in the English press as being weighty and showing that the optimistic speech of Doctor Helfferich was based upon false arguments. The State Secretary of the Treasury however not only answers the questions asked by Sir Edward, in clear, succinct and convincing manner, showing that every word he said in bis Reichstag speech was fully justified, but further he utterly breaks down the position taken up by Sir Edward Holden, with a series of counter-questions which reflect sadly upon the financial stability and resources of Great Britain and show up some of the principal fallacies and bluffs whereby it is sought to mislead the English in particular and the world in general into believing that all is right in the financial position in Great Britain when all is wrong. The following

It was an unfortunate day for Sir Edward | are the chief questions, answers and counter |

QUESTIONS AND THEIR ANSWERS.

Question 1. Had Germany Credits abroad at the time of the outbreak of the war, do they still exist or have they entirely dis-

appeared? Reply. Germany went to war having credits abroad, just the same as England. That milliards of such credits still exist, Sir Edward Holden can well ascertain, they having been unlawfully placed under compulsory supervision in England and its

Counter-question. Where are all the English Credits which were outstanding abroad at the commencement of the war? Must one not imagine them to have become exhausted, seeing that at the meeting at which Sir Edward spoke he bore witness to the decline in the exchange upon the sovereign, which would have fallen still further had England not received a loan from America?

Question 2. Has not the export trade of Germany sunk heavily aud thereby a blow been struck at the financial standing of the country?

Reply. Yes! The exports of Germany have fallen much, but the imports of Germany—thanks to the illegal measures of England—have likewise fallen. The imports will voluntarily be further restricted, and in that manner the needful balance is made with

Counter-question. Can it be unknown to Sir Edward Holden that England's imports during the war have enormously increased, its exports on the other hand vastly decreased, by half, and that in consequence of that England finds itself in a far more difficult position than Germany to be able to finance its imports?

They Are Not Exhausted.

Question 3. Admitted that the credits of Germany abroad are exhausted and the exports reduced, is it not a fact that Germany has sold almost all its American, Swiss, Dutch, Scandinavian and even Russian securities?

Answer. Germany has naturally utilised its possessions of foreign securities, which had been accumulated as reserves in view of possible hard times, for the purpose of payments to foreign countries. But the German holdings of foreign securities are not at all exhausted; on the contrary their sales continue upon a large scale, a fact of which England must have knowledge in examining the contents of its recent robberies of mail

Connter-question. Is it not known to Sir Edward Holden that England has been compelled to pay the major portion of her imports in foreign securities and quite especially in American bonds, and that it has even been necessary for England to take this matter of the American securities into its own hands, and that Sir Edward in his (Continued on Page 2.)

Tzar Ferdinand At Head Quarters

Upon the Invitation of the Emperor William, Tzar Ferdinand of Bulgaria is at Staff Head Quarters of the German Army, on a Visit Which it is Stated Will Last a Few Days.

In the political world the highest importance is attached to the announced visit of Tzar Ferdinand to Kaiser Wilhelm at the Staff Head Quarters of the German army. That the meeting is intended to be taken as of the greatest significance, is demonstrated by the fact that the Emperor has summoned the Imperial Chancellor and Secretary of State von Jagow to attend; whilst on the other hand Tzar Ferdinand is accompanied by his Prime Minister, M. Radoslawow, and the head of the Bulgarian Army General

All the German newspapers agree that the meeting of the Emperor of Germany and Tzar Ferdinand, just at the present moment and under existing circumstances, must be regarded as a political event of the first order, one which it is hoped may have farreaching results.

Tzar Ferdinand has earned for himself the reputation of being an exceedingly far-seeing and clever Monarch, who has known how to control and guide his people with great dexterity in times most difficult and under circumstances which made his path as ruler so full of troubles, that from time to time it looked very doubtful as to whether he would be able to pull through

In spite of inducements," and later on of open threats, Tzar Ferdinand steadfastly refused to be drawn into the net set for him by the Entente Powers. It is not too much to say, that the wise decision of King Ferdinand, to side with the Central Powers, had a quite powerful influence upon the course of the Great Campaign, and his services are thoroughly recognised. In his own interests and those of his country, in joining the Central Powers, Tzar Ferdinand followed the one course which was destined to wipe out effectually the results of the never to be forgotten treachery of Bulgaria's former ally, the Servian nation.

Kaiser Greets

Bulgarian's King

In honor of the arrival of Tzar Ferdinand, a Banquet was given at Staff Head Quarters a truly most brilliant gathering, at which, besides the two Monarchs, there were present the leading Politicians and Military men of Germany and Bulgaria, all in uniform, forming a quite unique scene.

The Kaiser rose and spoke the following toast to his distinguished guest:

"I welcome Your Majesty on German soil in my own name and that of my army and people. Just as the meeting on the blood contested ground of Nisch will forever remain unforgotten in the annals of the history of Germany and Bulgaria, as the visible evidence of a true brotherly unity in Arms, so likewise I see in this visit of Your Majesty this day a symbol of the unity of our Realms. That unity has not been brought about merely by political and commercial interests. It is built upon oft repeated cordial expressions of sympathy respect and confidence, a confidence which has been sealed with the blood shed by the sons of both countries in a joint contest for the one ideal. May it be granted to the Bulgarian people, under the wise and farseeing leadership of Your Majesty, to powerfully develop the acquired territory so that its present and the future may be guaranteed. I raise my glass to the welfare of the victorious Bulgarian army, to the proud Bulgarian people and to its illustrious leader. To His Majesty the Tzar of the Bulgarians, Hurrah !"

Tzar Ferdinand's toast.

To which Tzar Ferdinand replied: "It was with sincere pleasure that I made the journey hither, in order once more to personally thank Your Majesty for having conferred upon me the Fieldmarshal Staff. Deeply moved by the gracious and all significant words in which Your Majesty deigned to address me it has been a quite special satisfaction to me to be able here (Continued on Page 2.

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A Very Important Meeting.

No event could be conceived more lending itself to political conjecture than the announced visit of Tzar Ferdinand of Bulgaria to the German Staff Head Quarters as guest of Kaiser Wilhelm. It is an event of the utmost interest, sure to lead to an exchange of views that may have all important results. Both Monarchs are noted for their cleverness and mental activity, both have taken their roles as leaders of their peoples as a most serious and holy duty, both have worked hard in their own countries and have brought them success and prosperity by the wisdom of their rule.

The energetic and dominating personality of Kaiser Wilhelm must appeal in the highest degree to Tzar Ferdinand, and, on the other hand, the Emperor of Germany will feel a thoroughly congenial interest in the King of Bulgaria who has earned for himself the title of an exceedingly wise Monarch, who has weathered so many political storms, and has finally brought his brave industrious people out into the clear waters of triumphant victory and the full realisation of their national ambitions.

That the meeting of the Monarchs is intended to be of serious import, is clearly shown by the fact that the Imperial Chancellor and the Secretary of State have been summoned by Emperor William to attend, and that the Bulgarian King brings with him his Prime Minister and the Chief of his army. All those side lights tend to show that during the few days of the presence of the Bulgarian Tzar at Staff Head Quarters as guest of Kaiser Wilhelm matters of the highest import, political and military will be thoroughly discussed, and probably important decisions taken.

The Continental Times is the only newspaper published in all Europe which tells the truth in English.

The Biter Bit!

It has been the habit of late for British Statesmen and Businessmen, to make speeches in Parliament, at public gatherings, or at Shareholders' meetings, in which they havepresumably in view of there being none present either able or willing to contradict them-made the wildest and most inaccurate statements regarding conditions existing, economical, financial and of every day life in Germany. Of such fallacious assertions, so glibly and recklessly spoken, the most common have been those telling of riot and disorder reigning in the German capital, also of a financial situation prevailing which must necessarily signify, that before long the German Empire will have reached the point of national bankruptcy.

As all people living here, who have taken the trouble to study the monetary situation know full well, the financial status of the German Empire is "sound as a bell." As for the charges that riots have taken place in the streets of Berlin and that women and children have been shot down, why they are nothing beyond the crudest kind of misstatements, having no vestige of truth behind them, but evidently spread abroad in England in order to bolster up the continuously sinking courage of the populace, to throw dust into the eyes of the public and wantonly mislead the English people.

Sir Edward Holden is one of the latest speakers, who, at a general meeting of the shareholders of a big Banking Concern, took upon himself the responsibility of misleading his hearers with the usual gamut of misstatements concerning Germany, of the kind which have become the stock in trade of orators seeking popularity with the British chauvinists. Unfortunately for himself, he set about to put a number of questions upon various matters as regards conditions existing in Germany, specially addressed to the Secretary of State of the Treasury, Doctor Helfferich, the whole idea being to demonstrate to an unreflecting and gullible audience, that the latest speech of His Excellency before the Reichstag was just one mass of idle talk intended to mislead the German public and the world in general.

However, in so attacking such a keen and I clear headed financier as the State Secretary of the Treasury, Sir Edward "caught a Tartar". Doctor Helfferich is not of those likely to quietly submit to a hostile catechism from a financier, who undertakes to try and show him that he does not know what he has been talking about, without replying. And with characteristic alertness and readiness, the State Secretary of the Treasury has picked up the gauntlet thrown down by Sir Edward Holden, and not only makes reply to all questions asked by the English City Magnate, but puts counter-questions to Sir Edward which make the Managing Director of the London and City Bank appear exceedingly naïve, one might in truth use a far less polite word.

When it is told that a man of mature years, Managing Director of a large bank and having been ten years a Member of Parliament, affects to believe that there have been riots in Berlin, in which women and children have been shot down by the police because they clamored for bread-a report quite absurd and absolutely devoid of foundation-one can judge of the trustworthiness of the same person's declarations as to the financial attrition of Germany, that Sir Edward makes and which the Secretary of State of the Imperial Treasury refutes with an easy thoroughness clearly showing how poorly informed the English financier is as regards conditions existing in this country.

Kaiser Greets Bulgarian King (Continued from page 1.)

on German soil and at the German Head Quarters, to express to Your Majesty, as the supreme head of the invincible German troops, my sincere wonder at the grandiose feats of fame, which, owing to the grace of God, the incomparable German people have achieved. The gracious visit of Your Majesty to Nisch has been inscribed in letters of gold in the annals of the Bulgarian people as marking the commencement of a new future full of promise for the now united Bulgarians. And I am proud that it has been founded upon our mutual secrifice of blood, brotherhood in arms and our common political and commercial interests. May it be granted to the proud and courageous people, under the exalted, strong and farseeing leadership of Your Majesty, to conclude the contest which has been forced upon you, so that the power and security of the German realm may be assured for all times. I raise my glass to the health of the victorious German army and its illustrious leader. To His Majesty Kaiser Wilhelm Hurrah!"

New Rules For Submarine Warfare

The German Government, having the fullest proof, which it makes public, that the British passenger and merchant ships are armed, and have instructions from the Naval Department to carry guns, and use them upon submarine boats on sight, has notified the Neutral Powers that after a given period, granted in the interests of the Neutrals, it will treat all such craft as ship of war.

The German Government gives the Neutral Powers notice of the fact, and warns them not to risk the lives of their citizens or their property in armed mercantile ships belonging to the nations at war with Germany.

The German Government sends to each of the Neutral Powers copies of documents in which the British Merchant Ships are instructed to carry concealed cannon and how the same are to be used against submarine boats whether attacking or not.

This notification by Germany to the Neutral Powers is all important. It signifies two things, firstly that the submarine blockade is about to be renewed with increased vigor; secondly that merchant ships known to be armed will be regarded as warships and treated accordingly.

Warships Sunk

Cologne, Thursday. In spite of the denials given in England and the British Admiralty statement that no English warships have been struck by bombs from airships, the Kölnische Zeitung insists that not only has the small cruiser "Caroline" been sunk in the Humber, but also two destroyers, "Eden" and "Nith."

Giolitti in Turin

Turin, Thursday. The ex-Premier, Signor Giolitti, has arrived in Turin and was met at the Station by the Mayor of the town, Count Rossi. This visit coming soon after that of Signor Salandra is regarded as being of political importance.

To Have Less Light

London, Thursday. The laws, which had hitherto been applied to London concerning the screening of lights and the dimunition of lighting in general, are to be put in force in the other large towns throughout the Kingdom. That is one of the immediate results of the last Zeppelin rold

British and German

Financial Comparisons
(Continued from page 1.)

speech said that it was the duty of all Englishmen to give up their American securities for that purpose?

The fourth question concerning guldens and marks, was not comprehensible.

Question 5. Did Germany pay for Roumanian wheat in gold, and if so, how was it that the sum did not appear in the Reichsbank statement?

Answer. Germany did not pay for the Roumanian grain in gold; only the export duties were paid in gold and that out of the current gold supplies.

In reply to Sir Edward Holden's strictures upon the amount of paper money in circulation in Germany, the answer and counter question is given as follows: Seeing that the English sovereign has in Holland a disagio of 10 per cent how can it be stated that gold and notes have the same value at the Bank of England? Does Sir Edward not know that the expect of gold to the ally France is forbidden. Sir Edward talks of the notes issued by the War Credit and other Banks which the names. Does he not know that no such banks have the right to issue notes?

A Categorical Reply.

Question 8. Will Doctor Helfferich reply categorically to the question as to whether the gold deposits announced as being in the Reichsbank are in truth there, or whether they are not deposited in institutions outside of Germany.

Answer. The categorical answer is that not a single ounce of gold less than that announced as being in the treasury of the Reichsbank is lying there.

Counter - question. Is it known to Sir Edward Holden that the Bank of England, in its statement of gold reserves, includes the gold lying in Canada (Ottawa) and there counted as gold reserve? Can Sir Edward assert that the gold belonging to Belgium, Egypt and India does not figure as the gold reserves of the Bank of England?

Question 9. Will Doctor Helfferich, in view of his assertions that there was sufficient food in Germany explain the reports about food riots and the shooting down of women and children who were crying out for food?

Answer. The reports concerning riots in Berlin are entirely without foundation as also that of the shooting down of women and

Counter-question. Is Sir Edward not above asking such a question, or is he so ill informed as to the nature of the Entente-Lying Press, as to ask in earnest such a nonsensical question?

Question 10. Does Doctor Helfterich forget that in a former speech he stated that the people would not be taxed on account of the war, but that on December 19, in reply to a question by the Socialists, he had to admit that the war would bring with it heavy taxation for Germany?

England Bears Heavist Load.

Answer and Counter-question. Does Sir Edward really understand German? If so had he read the previous speeches of the Secretary of the Treasury in the text, or only as culled from the biassed English reports? Is Sir Edward unaware, that the daily cost of the war per capita in England is 2 Marks, in Germany 1 Mark, and that therefore-, quite independently of the war indemnity, which incontestably lies to the credit of Germany—the former has to bear a load of far greater taxation? It would also be well for Sir Edward to bear in mind in relation to this question, that Germany spends by far the greatest portion of its war expenses at home, whereas, according to his own statements, as expressed in his speech at the general meeting at which he presided, for every Pound Sterling that the Englishman spends, six and two thirds shillings, that is to say thirty three and one third per cent, goes to the purchasing of foreign goods? Does Sir Edward not understand that in such wise England must exhaust itself financially more rapidly than Germany?

Satisfactory Turn In "Lusitania Case."

New York, Thursday. According to the Associated Press, which may be taken as having taken up a neutral attitude, the outlook as regards the "Lusitania" negociations is quite satisfactory. This opinion is given as coming from well informed and quite trustworthy sources and formed after the meeting between President Wilson and Mr. Lansing. It is stated that the President considers the latest propositions put forward by the Imperial Government as almost if not entirely satisfactory.

Glant Airship.

New York. Thursday. A vast airship with 1,000 horse power and a speed of 200 miles to the hour is being completed here. It can carry besides the crew 3,000lbs of benzin, bombs and two three inch cannon.

Rio de Janeiro, Thursday. Oerman ships, which had sought refuge here and been interned, have escaped the vigilance of the authorities as also that of the English cruisers and have left port.

They sailed under the American flag.

Ambulating Cinematograph Sent by

Ambulating Cinematograph Sent by
Baroness Luzie Fries-Skene
to The Italian Fronts For
the Amusement of
the Soldiers.

Charity and Society

Eightieth Birthday of Princess Pauline
Metternich. Count Andreas Csekonics
Celebrates Jubilee as President
of Hungarian Red Cross
Association.

Vienna, Thursday. Amongst the many most useful presents, which the ingenuity of would be donators to the alleviation of the monotony of the lives of our soldiers at the front have thought out, is one which is sure to be very highly prized. It is the idea of Baroness Luzie Fries-Skene President of the War Dames Committee of Triest and consists of a fully equipped cinematograph train which is to be despached to the soldiers stationed at the various Alpine fronts.

There are cinematographs at the front already but they are erected in buildings and being stationary a great many of the soldiers never see them. But this particular cinematograph enterprise is different from all others, inasmuch as it is transportable. The whole outfit, which includes a readily fixed up hall for the audience, is carried in three waggons furnished with the best of springs in view of the probability of bad roads. In the first waggon there is the benzine fed eight horse power dynamo which will be ample for furnishing the necessary electric current for the projection apparatus and also provide for the lighting of the Kino. In the second waggon the projection apparatus is securely packed and the various appurtenances, including lamps of two hundred candle power. On the third waggon there is built an Orchestrion which is covered with a weather proof shelter. It also contains a case in which 15,000 metres lengths of films can be packed, an amount with which it is calculated a programme for 14 days can be worked out. The whole Kino train is painted field green and the waggons are provided with weather proof roofs. The films are donated by the proprietors of the various Austrian and Hungarian film factories.

A Charity Tea.

Amongst the many charitable teas which have been given of late, one of the most successful was that organised by Princess Franziska Hohenlohe-Schönborn, Countess Nadine Berchtold-Karoyli and the Baroness Skoda. These ladies had sent out invitations to the greater number of the members of Vienna society. The tea was in aid of the funds for the widows and orphans of fallen soldiers. It took place in the Grand Hotel in the big reception rooms and some six hundred and more guests responded.

Amongst the guests were the Archduchess Blanka, with her daughters; Countess Seefried, Prince Eduard Lichtenstein, the Bulgarian Minister, M. Toschew; Princess Hanna Lichtenstein, the ladies of the Turkish and Roumanian Legations, Princess Marie Lumbomirska, the Commandant of the City, von Kitchbach; Prince Alfred Salm and many

Prisoner Released.

A despatch from Budapest tells that the well known Count Theodor Pejacsevich has been released from French captivity. Count Pejacsevich was formerly Governor of Croatia, Slavonia and Dalmatia. The Count is at the present time in Switzerland. Great pre parations are being made by the Nasicer population to give him a cordial reception upon his return to his ancestral castle.

Presentation to Princess. Princess Pauline Metternich, so well known

and so much revered for her good works and her great social qualities on the 26th of this month celebrates her eightieth birthday. There is no one person who has played such an important rôle in the general life of Vienna as the aged Princess, and so, on the coming anniversary, it has been determined that the town Council of Vienna will present the gifted lady in the name of the city with an offering in commemoration of the day. It is to consists of a picture representing a musical soirée at the house of the painter Professor Heinrich von Angeli and showing in the foreground the Princess Pauline Metternich, who on the evening in question was singing couplets in company with Professor Billrith, Girardi and others. The painting of the picture has been given over to Professor Seligman.

Count Andreas Csekonics has just celebrated his 25 th year Jubilee as President of the Hungarian Red Cross Association. The central organisation of the Hungarian Red Cross held a reception in honor of the occasion and the Count was the recipient of an autograph letter from the Emperor Franz Josef and a message of congratulation from the Archduke Franz Salvator.

The Emperor's letter read as follows: "Dear Count Csekonics!

"It is now five-and-twenty years since you were called to the head of the Red Cross Association of the land of the holy Hungarian

The Open Tribune

To Our Readers.

We shall be glad to publish any communication from our readers, but must ask contributors to attach name and address to their letters. These will be published anonymously, if so desired. The Continental Times is not responsible for the opinions of the contributors to this column. Contributors are requested to limit the length of their letters to the utmost, in order to avoid the necessity of curtailing by the Editor.

Misleading the Public.

To the Edilor.

It is a quite remarkable thing to note how systematically the leading English politicians throw dust into the eyes of the British public. Even in his latest speech, concerning the greater restriction of the blockade, Sir Edward Grey went out of his way to draw the political red herring over his track, by referring to German atrocities, which as everybody knows, and specially Sir Edward Grey, do not exist and have never existed except in the distorted and vindictive imaginations of a few writers such as Conan Doyle who have never taken the trouble to prove any single charge made.

In the House of Commons, Sir Henry Dalziel makes a habit of constantly asking the Government as to whether anything is being done to relieve the terrible distress amongst the English prisoners in Germany. He is systematically replied to by Lord Robert Cecil, the Parliamentary Secretary for Foreign Affairs, in a manner which leaves the impression upon the House that the English prisoners are maltreated but that he is not in a position to ascertain the full truth. It savors of a put up job. And so the British public is continuously kept in ignorance of the fact that the English prisoners in Germany are perfectly well treated and that they have been visited repeatedly by the American Ambassador, by Mr. Jackson, by Swiss and Spanish representatives, who have one and all testified over and over again that those prisoners are as happy as prisoners can be and that all their wants are provided for and that they have no complaints to make. Now Lord Robert has all those reports before him, therefore that he should reply evasively and leave the public to imagine that the English officers and soldiers are being maltreated in Germany, can be merely the outcome of intentional desire to mislead the public.

And so it is all along the line. The newspapers take up the tame tone as the Ministers, that is to say they appear to enjoy deceiving the public, and keeping it in a state of perpetual ire and rage against an enemy which is doing nothing worse than fighting its best to win a very hard campaign. Is that what the English mean by what they so often repeat "playing the game," or in other words is that the much boasted English idea of "fair play?" It just sounds to me like the most abject lying, the most unfair of play," a total failure to "play the game."

But it is almost as bad in America. There they still believe the absurd legend that here we are starving. As a young American laughingly told me today: "I get letters from home congratulating me on my bravery in stopping here where there is nothing to eat. And they want to know how much weight I have lost. Why I am heavier than I was when I came to Germany!"

I read of responsible politicians in England telling about street riots in Berlin and the shooting down of women and children, whose only crime was that they were crying out for bread. What balderdash! There, as we all know here, have been no riots firstly, and consequently there have been no people shot down. Yet people in responsible positions in England are not beneath telling the British people suchoutra geous lies.

Berlin, Feb. 7. H. M. Higginson.

throne. That concluding quarter of a century falls in stirring times, at a period when the working of the Red Cross is at its maximum. With pleasure I see how well the Red Cross has lived up to the height of its task in these extraordinary times, and I wish to express my highest appreciation of its work, and to give you on this occasion the assurance of my great appreciation of the good work you have done, as well as to express the hope that for many years to come you may be able to continue with undiminished force your so successful efforts in your position as President."

The Count also received a letter from Count Tisza expressing the high appreciation of the Minister President in the name of the Hungarian Government for his services rendered as President of the Red Cross Association.

Do not throw away your Continental Times after reading it, but send it to a friend either at home or abroad.

THE ADMIRABLE GERMAN THEATRE. ITS LOFTY STANDARDS.

MASTERPIECES OF ALL NATIONS AND PERIODS.

By R. L. Orchelle.

There is one bitter-sweet pleasure in which | I should like to indulge myself. I would give much to conduct a small band of the Society of the Assassins of Truth, be they from Fleet Street, London, or Park Row, New York,-from Old England or from the New -on a tour through the theatres of Berlinor, for that matter, any other German metropolis. It would be a peculiar pleasure, not perhaps unmixed with a grain of human, all-too-human malice, to observe the sunrise of enlightenment dawn upon the tense and saturnine features of these fanatics and to hear them babble their surprise with those same lips they had blackened with copious torrents of abuse directed at "German Kultur." It was so easy to sneer at what they did not know-so natural for them to defame what they did not understand.

Show me a man's library, the saying goes, and I'll give you an index of his character. The same may be said of a people's theatres-and the plays these theatres produce. They are an infallible test of a nation's taste, intelligence and culture.

The Broadway Standard.

With their usual fatuity and blind faith in the power of money, our millionaires some years ago built a splendid playhouse near Central Park. But the structure became a tomb and not a temple of art. It had no soul; it had not even a pulse. It proved an artistic as well as a financial failure. Architecturally it was a palace—the one theatre in America worthy the name. But as a living play-house it was in spirit and achievement infinitely inferior to the smallest Stadttheater of some third-rate provincial German city. Soon it stood there, dull, dead and empty, haunted by the ghosts of disaster and covered with the dust of public neglect. But on Broadway, amidst the obscene lobsterpalaces and the "leg-shows," the gutter genius of George Cohan drew crowds fighting for admittance—permitting that crass product of our taste to boast indecently of his enormous royalties and the sterile critics to utter ungrammatical inanities over another "success!"

Marvellous Variety.

In Germany as elsewhere there are different publics and therefore different levels of taste. The scale may run from the most frivolous Viennese musical comedy to the most sombre and stately of Greek tragedies. There are patriotic "Volksstücke" such as "Immer feste druff" or "Extrablätter," which have been running almost since the beginning of the war-excellent sentiment, fun, scenic effects and pretty songs and music. There are the dainty operettas and dashing spectacles in which the Austrian genius shines. There are farces, broad and classiccomedies from the ancient Greeks and Romans to those of the famous European-friendly or enemy-for the German is able to rise above the vulgar stupidity which would war against a nation's art as well as its armies, and he still does honor to those masterpieces that are the proud possession of all

Shakespeare and the Germans.

There is even some truth in the intellectual claim the Germans make to Shakespeare-for gold is where you find it-and universal genius belongs not where it was born in the body, but where it is honored as a living force to-day. Indeed, my good riend Hofrat Holzer of Heidelberg, an en-

thusiastic Baconian, has written several forceful and erudite pamphlets to prove that England's degradation is largely due to her falling-away from the ideals of the true Shakespeare (Lord Verulam according to his theory) and her adherence to the John Bull or Falstaffian standards. Despite the scholarly work of William Poel, the efforts of F. R. Benson, and the lavish but lifeless stage-settings of Beerbohm Tree, Shakespeare no longer lives, in England. Granville Barker, to be sure, has attempted to carry out certain bizarre modern ideas, somewhat in imitation of Max Reinhardt, but with dubious results. The genius of Gordon Craig is almost entirely ignored. No, Shakespeare is today an anachronism in his own country. On the other hand he fits admirably into this modern Elizabethan age of the German nation—a period filled with noble thought and heroic action, and that exaltation or afflatus of the people's soul without which no greatness can emerge.

America's Dissatisfaction with the Stage.

Though we may claim no success, some of us may nevertheless claim the credit of having raised our voices against the prostitution of the American stage. It is customary for every American to inveigh against the badness, the vulgarity and the stupidity of the plays presented to him. There are few that he does not damn with the blunt verdict of: "A rotten show!" And yet the managers whom he blames are merely the purveyors of what they have discovered to pay. They are not artists, scholars, nor men of culture, like the directors of German or French theatres, but speculative business men, and if trash lures the mob-the mob will be given trash. It is an indubitable truth that just as a people has the government it deserves, so has it the drama and the literature and the journalism it deserves.

Judged by this law the German public is a highly-deserving one. Let us take the program of the leading Berlin theatres for a single Sunday (these "barbarians" do not fear to "desecrate" their Sunday by playing the masterpieces of the drama)—the 21st of November, 1915.

Apart from certain lighter or less important plays we have the following amazing catalogue of dramatic riches—each. in its way, a masterpiece.

(Wagner)

(Weber)

(Hebbel)

(Beethoven)

(Verdi, Italian)

Berlin theatres!

(Ibsen, Norwegian)

(Sophocles, Greek)

(Shakespeare, English) (Ibsen, Norwegian)

(Schiller) Playing simultaneously at 3 different

(Strindberg, Swedish)
playing simultaneously at

two different theatres!

One Sunday's Program. ridelio Troubadour Antigone Sturm Peer Gynt Egmont Maria Stuart

Maria Magdalena Nora Der Vater

Der Meister von Palmyra Der Weibsteufel Der Pfarrer von

Kirchfeld Der Hüttenbesitzer Die Haubenlerche Die Ehre Heimat Das Glück im Winkel (Sudermann) Die Waise von

(Schönherr) (Anzengruber) (Ohnet, French) (Wildenbruch) (Schnitzler) (Sudermann) (Sudermann)

(Wilbrandt)

The Vogue of Strindberg.

I have recently seen that terrible, nerveand heart-rending play of Strindberg's, "The Father" (also playing at two theatres simultaneously) and admired the quality of German nerves in time of war. For when the play was first produced at Stockholm, the audience rose to its feet during the terrific strait-jacket scene, and fled bellowing from the theatre, as Strindberg himself declares. Recently at Munich I saw "Frühlings Erwachen," (The Awakening of Spring) a poignant and tragic play by Frank Wedekind, and embued with a drastic message for the parents of our day. Its chief actors are precocious school-children and its tragedy centres about those mysterious impulses and emotions—often attended by great sufferings of the soul-which seize upon the boy and girl verging into manhood and womanhood. I am certain that this play would be denounced by our Anthony Comstocks as "unclean," or "decadent" or heaven knows what. And yet it is a masterpiece of its kind and its whole tendency is moral and wholesome-much as we would shroud this theme in silence and darkness-to the secret corruption of the young.

Yes; I should enjoy a tour of the theatres of Berlin as the cicerone of a band of the ignoramuses who persist in yawping at German "Kultur"-those who but repeat the lying phrase that springs from the Fleet Street mire and, ruminant-like, keep chewing the old barren cud of calumny supplied by the British censor. I should like to lead them through this dazzling dramatic world that forms one of the finest features of the kultur at which they sneer. To lead them-by the ear if it need be-for all too long have they led our trusting public by the nose.

TARTUFFE

AND ANANIAS

Cant, Calumny and Commercialism.

"L'Allemagne barbare. Un Empereur -G. Langlois.

"Now England is awake its manhood insists on using a British shaving stick." -Lever Brothers.

"I have made a discovery—a wonderful discovery about the war. God cannot regenerate the Hun. Our duty is clear. We must exterminate the breed.

-Horatio Bottomley.

"Those are some of the things, which would happen if the United States were to do to Germany even a tithe of what Germany -Boston Transcript from British Press.

"The end of the Habsburgs. The parvenu —N. Y. Herald. house of Hohenzollern."

Cut the cable between the rest of the world and Germany and in six weeks she would be suing for peace."

—Mme. Schwimmer. "In Germany a brave and devoted popul-

ation, long sustained by falsehood." -N. Y. World. "Germany shows signs of exhaustion

while the French, English, Russians and Italians have not even excited themselves to the highest pitch. -Boston Transcript from British Press.

One great object in going to Turkey is to drain that ally of fighting men to fill German ranks massacred in Poland."

"Moritz Ferdinand Baron von Bissing, seventy-one, cavalry officer, governor-general of Belgium, exercises depotism-alias Kultur

SOME NEW BOOKS.

The Bryce Atrocities. A European Monroe Doctrine.

Otto Weddigen und seine Waffe, Marinedank Verlag, Berlin, S. 42, boards 2 Marks, cloth, 3 Marks.

Otto Weddigen, despite his untimely end by treacherous means at the hands of English navy men, is assured of fame in all countries, and of immortality in his own. His great feat in sending three great cruisers to the bottom, with, so to speak, a single blow, was the first shock that Britain felt there where its pride and prestige have been the greatest-in its naval achievements. Weddigen, Count von Spee, von Hersing, von Müller, von Mücke, Berg of the dashing "Möwe" and the "Appam", and other gallant German naval heroes have proved that the morale and quality of the German sailor and fighter at sea is as superior to that of the English, as is that of the German soldier .officer and private,—over his British enemy The British navy is still superior in one thing-mere numbers-and whatsoever "victories" it may claim, such as that at the Falkland Islands, are due alone to this factor. In addition its record has been fouled by indelible stains of the most cold-blooded cowardice and brutality-as in the case of the "Baralong" which butchered defenseless men in the water, and the "King Stephen" which refused to rescue a drowning crew.

This latest volume of the Marinedank publications is No. 2 of its series of "Sea Heroes" and contains many interesting extracts from Weddigen's diary and letters, as well as a photogravure portrait and some 63 illustrations, some of them dealing with the technique of that weapon whose terrible powers Weddigen was the first to provethe U-boat.

Die Lüge im Solde Englands, Wilhelm Marten, League of Truth, Berlin W.

This is a vigorous answer to and refutation of the infamous Bryce Report and its incredible mass of "alleged," and "reported" and absolutely unproved German "atrocities." As Sir Roger Casement has already shown in the Continental Times, a more shameful and fraudulent document was never signed by reputable men under the influence of a false patriotism, nor a greater outrage committed upon truth and humanity than this horrible document of trumped-up charges. It was part of England's cunning and proof of her low estimate of our powers of discrimination to induce the venerable but misguided Lord Bryce, because of his reputation as a historian among us, to give his name to this foul weapon with which she sought to supplement the failure of her military weapon in open fight.

Das Endziel des Weltkrieges, von Maurus Révai, Verlag Puttkammer & Mühlbrecht, Berlin.

This is an exceedingly thoughtful and deliberate work by a well-known Hungarian scholar. It possesses a particular interest for those who cherish constructive ideals, bent upon a European community of interestsa great task that awaits humanity after the chaos and carnage of the war.

Mr. Révai recognizes in England the constant historical factor that made for the disturbance of peace, and proves, step by step, how her system and her goal have always worked towards the end of creating a disunited and disaffected Europe, which at the moment most opportune to herselt, she would precipitate into war. Against this crafty manipulator of a precarious "balance of power," a new dogma must be set upnamely a sort of Monroe Doctrine for the

Continental nations, and England's exclusion from this circle. That alone would ensure peace in the future among the neighboring nations and England would be relegated to its proper place of immunity-and harmlessness.

The Coming Leipzig Fair

The fact that the Easter Fair is to be held this year also at Leipzig the same as in times of peace is a witness to the strength and vigour of the industrial life of Germany. The fair will represent the ceramic, glass, metal, wood, paper, leather, rubber, basket. small-wares, fancy goods, toys and related business branches, and will be opened on Monday, the 6th of March.

The industrial and commercial life of Germany goes on uninterruptedly. Travellers can journey to and fro undisturbed provided they are supplied with the proper passport and papers to establish their identity. Life and activity in Germany is very little different from what it was in times of peace. In Leipzig itself, the visitors to the Fair will be most kindly welcomed by the city authorities, and by the proprietors of the fair buildings as well as by the whole population. The hotels and boarding houses charge during the Fair only their regular prices, so that in this respect also there will be no ground for complaint.

A visit to the next Fair will be to the advantage of German industry which now as before is capable of producing and delivering its products; it will also be to the advantage of business firms in neutral countries, who can in this way convince themselves on the spot of the strength and of the healthy condition of the economical life of Germany, and, at the same time, forward their own business interests because the Fair enables them to obtain a comprehensive view of the general conditions of the market and therefore to get important and valuable data for their business purposes.

The Leipzig Fairs with their sample collections concern not only the city of Leipzig, but are of importance for the whole of German industry and for foreign and domestic trade, which receives through them a far-reaching impulse, since they are the intermediaries for the transmission of orders and for supplying foreign countries with industrial products.

Rita Sachetto's Dances.

Performance at Blüthner Saal.

As already announced in our last Friday's issue, Fräulein Rita Sachetto, that past-mistress of the plastic-dramatic act of the dance. gave last Monday, in the Blüthner Saal, one of her welcome Dance Evenings. Her pupils helped to make the evening one of grace, movement and beauty. The name of the artiste, already famous far beyond the borders of Germany, promised much, but the performance surpassed all expectations/ All the dance creations showed, both in their originality and in their plastic dramatic form, the impression of a masterhand and a high vision of art. Especially noteworthy were the renderings of Chopin's Valse brillante, the Polka of Rubinstein, and the Groteske which provided visions of the greatest picturesqueness. We particularly admired the work of Anita Becker and Valeska Gert. Fräulein Rita Sachetto herself contributed at the close some specimens of her great gifts. The well-filled house applauded stormily, and loaded the stage with H. St.

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"Business as world."

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SAFE-DEPOSITS.

NEWS OF THE BUSINESS AND FINANCIAL WORLD

"The Great Illusion"

There was published a book in England a few years ago entitled "The Great Illusion," a study on the relation between militarism and prosperity. The book created quite a sensation and its author, Norman Angell, became a celebrated authority.

The English press commented widely on the book in a very passionate manner, because it was a revelation to see an author who, not being a pacifist, warned against war and warlike preparations.

Mr. Norman Angell based his views upon purely economic reasons. He was of the opinion that a war-and even the most victorious-could not possibly be of any gain, that a victorious war does not mean for his country, England, a "good business" also.

There is no greater contrast imigable than between such theories of Mr. Norman Angell and the famous watch-word of English origin: "Business as usual."

Both of these theories were proclaimed in the days before the war and today, after eighteen months of war, the opinion must occur to every cool-headed and calculating Englishman that the word "Business as usual" and that "it will not be worse for England to take an active part in the war, than to be the onlooker as a neutral" represents—speaking in Norman Angell's terms -the greatest illusion that ever was experienced by a nation and its leaders.

Truth will assert itself in the end, but today, no Englishman will refuse to admit that the word "Business as usual" was a most fatal and most dangerous mistake, and but a few days ago the London Times also regretted this fact.

In figuring that the war year of 1916 will require the tremendous sum of nine billion dollars, the London Times advises England to economize in every respect. The London Times advises the greatest economy in all the requirements of life, in short in everything for personal

The London Times advises imposing taxes up to eighty per cent on excess war-profits, a further increase of the income tax, and a high tax on the profits of the merchant marine. The London Times advises taxing the keeping of servants, taxing travelers, gross earnings of street car companies, automobiles and carriages, theatres and moving picture shows and what not.

Of course, it is England's own affair how she meets the expenses of war, but it is a satisfaction for Germany to know that England has recognized the seriousness of her undertaking and, what is more, has learned by bitter experience that the war is a costly matter.

To be sure, the war is also a costly matter for Germany and not a few are suffering in Germany from the bad times, but Germany has not gone into war with the watch-word "Business as usual," as England did, and this is the difference and essential point of the whole

In Germany, everybody was convinced thatat the best-the war will be of no gain to Germany in a commercial sense, and even the sober-figuring financial and commercial circles are of the opinion that war is a destroyer and not an up-builder.

The German people put their hope in great victories and have believed in the army and navy, but nobody thought in August 1914 that the German banks would continue to pay dividends, that the manufacturing industries would be prosperous, that the theatres would continue open as in times of peace, although nobody figured on a war of such duration.

In the days of the beginning of the war, Germany also was laboring unders a "Great Illusion." Germany had pictured a vastly different economic situation, from the actual one. It did not come true that "all wheels were at a standstill."

The German illusion, however, differed from that of England, namely, a vast over-estimation of the unfavorable results upon German economic conditions.

England wanted to be victorious in the watchword "Busines as usual."

And today, after eighteen months of war, England is confronted with a tremendous national debt, and a vast increase of taxation, but with nothing to show for it.

Norman Angell in his book propounds the idea that England will gain nothing by even a victorious war.

What are her chances now?

American Hosiery Mills Produced Large Volume.

The cotton hosiery industry in the United States has passed through a year of many changes, with manufacturers forced to face serious problems. The most difficult question the mills were called on to solve was represented by dye stuff supplies. The shortage of ordinary sulphur black made it a difficult matter for the mills to produce goods ordinarily termed "fast blacks." With the opening of the spring retail season early in 1915, manufacturers were in hopes that a demand could be developed for plain white hosiery, but unfortunately the trend of fashion was very strongly toward colors. During the spring and summer months of last year cheap and medium priced half hose, and women's hosiery reached very low price levels in spite of the fact that the mills and finishers were forced to pay high prices for the dye they required.

In women's hosiery silks figured very largely and considerable quantities of these goods were sold and went forward into consumption during the summer months. Mills using artificial silk or fibre silk were called on to face very high prices for their raw material, but in spite of this found it a difficult matter to get any higher prices for the finished goods. As the summer season developed raw silk began to advance and large manufacturers of silk hosiery warned their customers that prices would be advanced if the quality and finish of the goods were to others.

Reichsbank Return of February 7, 1916

		Febr. 7.	Jan. 31.
	Assets.	In 1000 Marks	In 1000 Marks
	Total Coin and Bullion	2,495,194	+ 978
	Of which Gold	2,454,951	+ 1,420
	Treasury Notes	549,379	-156,319
	Notes of other Banks .	11,881	+ 3,008
	Bills discounted	5,239,674	- 33,510
10000	Advances	18,214	- 3,444
	Investments	48,358	- 1,387
	Other Securities	212,070	- 46,031
No.	Liabilities.		
	Capital Stock	180,000	no change
3	Reserve Fund	80,550	no change
Ī	Notes in Circulation	6,450,834	- 51,568
i	Deposits	1,625,973	-159,948
	Other Liabilities	237,413	- 25,194
	Total Business		-100,770
1	Bank Discount	5	%
ı	After a period lacting	a form	waske when

After a period, lasting a few weeks, when business began to settle down again, the Reichsbank's business has assumed a more normal shape, inasmuch as the gross business has decreased by 38,3 to 5,306,3 million Marks and the cover declining by 33,5 to 5,280,7 million Marks. This relief is increased by the decline of advances on record with the Loan Banks, showing a contraction of 141,4 to 1,617,2 million Marks, thus totalling the decrease of the gross business and advances on record with the Loan Banks to 180 million Marks.

Loan Bank certificales held by the Reichsbank show a contraction of 156,5 to 508,6 million Marks, the Reichsbank having returned to the Loan Banks such certificates amounting to 141,1 million Marks, and putting into circulation 151,1 million Marks.

Gold on hand has increased by 1,420,000 Marks to 2,454,951,000 Marks, while silver has increased by 500,000 Marks to 40,2 million

Notes in circulation have declined by 51,6 to 6,450,8 million Marks.

Gold cover of notes in circulation has increased from 37,7 to 38,1 per cent, and their metal cover from 38,4 to 38,7 per cent.

Gold cover of deposits has increased from 29,6 to 30,4 per cent.

Bank of France Statement

Febr. 3, 1916 Francs	Jan. 27, 1916 Francs
5,019,580,000	5,011,590,000
363,150,000	353,780,000
964,040,000	1,002,720,000
2,246,870,000	2,192,760,000
1,270,290,000	1,195,440,000
5,600,000,000	5,600,000,000
14,034,410,000	13,858,020,000
114,960,000	99,640,000
1,909,530,000	2,045,770,000
	Francs 5,019,580,000 363,150,000 964,040,000 2,246,870,000 1,270,290,000 5,600,000,000 14,034,410,000 114,960,000

be maintained. There was much talk early in the year of large foreign army contracts for coarse cotton half hose and woolen and worsted half hose. While it was difficult to obtain any definite statements from manufacturers and selling agents as to the amount of business secured from abroad, it was generally admitted that some large contracts had been secured from the British Government for both coarse cotton and woolen and worsted hosiery. Russia was also reported in the market for enormous quantities of army socks but for some time these contracts were held up owing to unsatisfactory financial arrangements.

Later on satisfactory financial arrangements were made with regards to purchases by the Russian Government and it was currently reported before the close of the year that a good many mills in Pennsylvania and New York state were working on enormous contracts for export. So far as domestic demand was concerned the southern mills appear to have done better than mills in the East. These mills entered the raw material and cotton yarn markets at opportune periods and succeeded in obtaining most of their raw material at favorable prices. Knitters were slow in taking hold of yarns in the East and, according to well informed authorities, they bought in most cases when the yarn markets were at top levels.

Late in the year the question of opening fall 1916 lines of cotton hosiery came up for consideration but manufacturers announced that it was uncertain when their lines would be placed on sale owing to shortage of suitable dyestuffs and high cost of same. Where prices were announced and goods offered, advances ranging from 121/2 to 15 cents a dozen were named on a good many lines. Mills urged their customers to buy for ordinary consumption natural or white half hose and hosiery. The change of fashion, however, continued to point strongly to colors and at the close of the year the mills were in a serious quandary as to

where the dye stuffs needed were to come from. Many claims were made by domestic manufacturers of dye stuffs that fast blacks had been developed and would go a long way toward relieving the shortage of dye stuffs. In a good many cases the mills at the close of the year were using logwood dyes and some of the oldest manufacturing concerns in the hosiery trade announced that they had gone back to their files of 25 or 30 years ago in search of receipts for using logwood or natural dyes. It was predicted as the year closed that unless larger supplies of dye stuffs were forthcoming early in 1916, a good many of the mills would be forced to turn out goods in natural or white shades as unsatisfactory results were reported from the use of various dyes, logwood and

Bank of England Statement

	The state of the s	
	Febr. 2, 1916	Jan. 27, 1916
Circulation	£ 34,199,420	+ 370,595
Public Deposits.	. 58,245,525	- 4,629,517
Other Deposits .	. 98,583,710	- 2,377,397
Gov'ment Securities	s 32,828,661	no change
Other Securities .	. 105,140,129	- 7,064,571
Coin and Bullion .	52,688,976	+ 463,409
Total Reserve	36,938,555	+ 92,814
Prop. of res. to liab.	231/20/0	+ 1%
During the week	le anded Febru	ary 2 the not

efflux of gold on foreign account was £302,000 and there was an expansion of £371,000 in the note circulation, but £766,000 in coin apparently was returned from active use at home, so that the reserve increased by £93,000; its proportion to current liabilities rose one per cent.

Governments dispursements were in excess of receipts of revenue etc. and public deposits declined by over 41/2 millions.

Other securities decreased by over seven millions, reflecting to some extent repayments by the market to the Bank, and private deposits were £2,377,000 lower on balance.

Exchange Rates

Exc	change	Rates	Berlin	
	Febr. 1	1916	Febr.	9, 1916
	asked	offered	asked	offered
New York	5,30	5,32	5,361/2	5,381/2
Amsterdam	227,50	228	228,37	228,87
Danmark	151,25	151,75	151,25	151,75
Sweden	151,50	152	151,25	151,75
Norway	151,25	151,75	151,25	151,75
Switzerland	102,37	102,62	102,62	102,87
Vienna	71,20	71,30	71,571/2	71,671/2
Bucarest	84,62	85,12	84,50	185
Sofia	77	78	76,75	77,75

Exchange Rates New York

	rebr.9, 1910	repr.8, 191
Exchange Berlin 60 days	sight 773/4	76
Exchange Paris 60 days	sight 5,8950	5,9000
ExchangeLondon 60days	sight 4,7100	4,7075
Cable Transfers	4,7660	4,7660
Call Money		2

New York Stock Exchange

		prices
	-	Febr 8, 1916
Atchison	103,25	103,25
Baltimore and Ohio .	88,25	88,25
Canadian Pacific	172,50	
Chesapeake and Ohio .	63	62
Chicago, Mil., St. Paul .	96,37	98,50
Denver & R. Grande	11	11,12
Erie	38,37	37,75
do 1st Pref	53,75	53
Gt. Northern Pref	122	121,50
Gt. North. Ore Certs	47	46,75
Illinois Central.	103,50	103,75
Lehigh Valley	77,25	76,25
Louisville & Nash	124,12	124,12
Miss. Kan. & Texas	6	6,50
Missouri Pacific	5,37	5,37
N. Rlys. Mex. 2nd Pref.	8,87	7
N. Y. Cent. & Hud. R.		105,62
Norfolk & Western	117	116,50
Northern Pacific	118,75	113,87
Pennsylvania	30,02	20,30
Reading	78	77,25
Chic. Rock Island Pac	18,12	19,62
Southern Pacific	100,62	100,12
Southern Rway	21,50	21,50
Union Pacific	135,62	134
Union Pacific Pref		83,25
Wabash Pref	45	44,25
American Can	62,37	62
Am. Car & Foundry		70,25
Am. Sm. & Refn. Co	100,87	100,75
Anaconda Copper	89,25	87
Bethlehem Steel	465	465
General Electric		171,25
Republic Iron & Steel .		53,62
U. S. Steel Cor. Com		84
do Pref	116,50	116
Utah Copper	81,50	79,25
AND DESCRIPTION OF THE PARTY OF		

The Growing Hungarian Industry

Due to the large orders for railway material placed by the Hungarian State Railways amounting to 71 million Kronen, besides 6000 cars of different kinds, the Arader & Györer Waggonfabrik, manufacturers of railway cars, are about to extend their works.

The steel industry also shows a decided tendency in investing new capital, as the Herzog Koburgsche Bergwerks Aktiengesellschaft in Steinamanger are planning a new steel mill and bolt factory, and the steel mill Merkur in Nagykanisza will be enlarged.

The Ungarische Lloyd-Flugmaschinen & Motorenfabrik, manufacturers of aeroplanes and gasoline motors, are also enlarging their plants.

Record of the Pennsylvania Railroad

The entire Pennsylvania Railroad system, whose 26,000 miles of track serve more than half the people of the United States, recently completed two years without a single one of the 361,572,114 passengers carried in that period being killed in a train accident. Figures for November and December were necessarily estimated. This record of two years means the safe operation by day and by night, through fog and snow, stormy and clear weather, of no less than 2,400,000 passenger trains, while, at the same time, approximately as many more

freight trains were being cared for. The lines East of Pittsburg completed their third successive year without a single train accident fatality to one of the 320,000,000 people

carried in the three year period. In five of the past eight years-1908, 1910, 1913, 1914 and 1915-more than 520,000,000 passengers were carried by the Pennsylvania lines East of Pittsburg on 4,000,000 trains without a single one being killed in a train

New York Weekly Clearing House Return

	Febr. 5, 1916	Jan. 29, 1916
Loans	. \$3,295,130,000	\$3,278,620,000
Reserve held in own vaults	. 522,000,000	523,750,000
Reserve in Federal Reserve Bank	. 176,110,000	175,220,000
Reserve in other Depositories	. 57,930,000	56,820,000
Net Demand Deposits		3,368,110,000
Net Time Deposits		159,210,000
Circulation		34,570,000
Excess Reserve	. 172,800,000	175,070,000
LACCSS RESERVE	. 172,800,000	175,070,000

GERMAN INDUSTRIAL AND FINANCIAL NEWS.

Leipziger Werkzeug-Maschinen-Fabrik vorm. W. von Pittler in Wahren. This fiscal year's report show gross earnings of 2,430,538 Marks compared with 1,556,655 Marks of last year. Gross earnings are increased by a surplus of last year of 197,490 Marks and by interest of 100,041 to 2,728,070 Marks. Net earnings will be devided as follows: 565,000 Marks for reserve war-profit taxes, 186,000 Marks for royalties, 93,000 Marks for proceeds to the Board of Directors and

25 per cent dividend, equal to 525,000 Marks. It will be proposed at the general meeting of March fourth to increased the capital stock by 900,000 Marks to 3,000,000 Marks, stockholders to be offered for each three old stocks one new share at the rate of 120 Marks. Each such stockholder to receive from the surplus the sum of 300 Marks for the purchase of a new share.

Nähmaschinen- und Fahrräder-Fabrik Bernh. Stoewer A. G. in Stettin. It is reported that this year's dividend will at least be the same as last year when ten per cent was declared.

Deutsche Babcock- und Wilcox-Dampfkesselwerke A.G., Oberhausen. A yearly dividend of ten percent has been declared. The yearly report considers the company's business as le, as good orders are on hand.

Gasmotoren-Fabrik Deutz. The Board of Directors reports of a favorable business for the first six months of the present fiscal year Orders on hand surpass the amount of the same period of last year. Hope is expressed for a satisfactory result, reaching the dividend of last year of five per cent.

Neckarsulmer Fahrzeugwerke A.G. At the recent general meeting a yearly dividend of 12 per cent was declared. The outlook for the current fiscal year is satisfactory, the amount of orders on hand bids fair to keep up full operation of the works.

War Food Prices

Food prices have increased in all belligerent countries and it is beef specially that has nce. It is shown that beef has advanced 125 to 150 per cent in Austria, 30 to 40 per cent in Germany, 40 per cent in Italy, 40 per cent in Sweden, 45 per cent in France, 40 per cent in Great Britain and very little in Holland and Denmark. Potatoes have advanced 100 per cent in Austria, bacon has advanced 100 per cent in Germany and butter has made gains of 35 to 70 per cent in several countries. Eggs have also advanced from 35 to 85 per cent in several countries. The price of veal has made the greatest advance in Austria, where it is now more than 200 per cent higher than a year argo.

Reports from Australia show that nearly all commodities have gained in price, compared with a year ago, from 10 to 25 per cent. In New Zealand the average gain for the year is about 12 per cent. In Canada the average prices of staple foods show that the range is really lower now than a year ago. Some foods are higher than a year ago, while others are lower, so that the average is less now than at the same time in 1914.

Statistics prepared in Denmark show that the retail price of beef steak ranged from 27 to 30 cents from June to September of last year. Pork loins sold at 28 to 32 cents in the same time. Other foods showed more or less gain in the same period.

In Paris, France, statistics showed that the wholesale prices of meat and other foods in the summer months of 1915 were about 20 to 40 per cent higher than the same period in 1914. Beef sold at 20 cents a pound wholesale, compared with 15 cents a year before. Pork sold at 17 cents, compared with 15 cents a year before.

In Germany beef retailed in the principal markets of Berlin at 30 cents a pound, compared with 22 cents a year ago. Pork retailed at 40 cents a pound, compared with 21 cents a year ago. Butter and eggs sold at a proportionate advance in the same time.

In Great Britain the general level of prices throughout the nation last summer showed an increase over the year before of about 26 per cent. Beef alone showed an increase for the year of nearly 40 per cent. Mutton advanced 30 to 40 per cent in the same time.

In Italy prices of meats and other foods did not show great gains in the one-year period. Beef retailed at 19 cents a pound in August last year, compared with 13 cents a year before. Bacon retailed at 22 cents, compared with 18 cents a year before.

In Sweden meats, fresh eggs, butter and cheese increased in price sharply during the year. Fresh beef steak sold at 19 cents last summer, compared with 14 cents the year before. Pork sold at 25 cents, compared with 15 cents a year ago. Most other foods also advanced.

In view of the fact that so many of its members where believed to be cracked, its not surprising that there's a split in the Ford peace The Buffalo Express. surance of parcel post packages.

Increase of Weld Iron Prices

The Rhenish-Westphalian Weld Iron Combine has agreed upon a price increase of 5 to 10 Marks per metric ton. The following table gives the new prices per metric ton in Marks, figures in parenthesis present former prices which have

been in effect since June 19, 1915. Ordinary Weld Iron.. 168

Horseshoe Bar Iron for manufacturers . . 185 for dealers 200 (195) Chain and Rivet Iron. 205 Bolt Iron 185 (175)Nut Iron..... 185 (183)

Special Weld Iron.... 190 to 235 (185 to 225) These prices are cash, delivered within the Rhenish-Westphalian district. Trade in weld iron is very firm. Mills have good orders for many months ahead.

Report of Potash Syndicate

Deliveries of the Potash Syndicate reached December last a volume of 12 million Marks, so that deliveries for the entire year of 1915 amount to 106 million Marks compared with 155 million Marks for the first war year and 192 million Marks for the last peace year of 1913. Deliveries for 1913 represent the maximum ever reached.

Deliveries in January 1916 did not come up to the volume of the same month of 1915 of 14 million Marks, due to the embargo on the export of potash which was not in force January 1915.

Considering the changed conditions, however, deliveries in January are reported to be satisfactory.

Dollar Exchange in Chile

It is announced that the American Smelting & Refining Co., whose business in Chile is reported to have increased considerably since the war started, will shortly establish a financial agency in Valparaiso, Chile. The Braden and Chile Copper companies' financial agencies in that city will be put in operation in a few days. Leopold Fredrick, director of the first named company and Treasurer of the Braden and Chile Copper companies, through whose efforts an active market in Chile for dollar exchange was created, states that during the last four months 75% of the business of the three companies, amounting to many millions, has been financed with 90 days sight bills on New York. The remaining 25 % could also have been paid for by exchange drawn on the United States, were it not for the fact that some of the outstanding contracts call for payment by 90 days sight bills on London. It is also announced that word has been received that the Chilean Government hos adopted Mr. Fredrick's suggestion, submitted to the recent Pan-American Financial Conference in Washington, to have export duties on nitrate of soda paid in part with 90 days sight bills on New York, and the authorities in Santiago de Chile are preparing a decree to that effect. Up to the present, said export duties have been paid partly with gold and in part with 90 days sight bills on London. In view of the fact that the American Smelting & Refining Co. is actively going into the tin refining husiness, which product will be importet from Bolivia, Mr. Fredrick has already taken steps, it is stated, to create a market for dollar exchange in Bolivia.

War Effects American Postal Revenues.

Europe's great war has cost the United States

postal service \$21,000,000, according to the annual report of Postmaster-General Burleson, but economies in administration have reduced the audited deficit to a little over \$11,000,000. The great bulk of this deficit is, it appears, the result of increases of postal salarjes and additional railway mail pay required by law. Notwithstanding adverse revenue conditions, however, the expansion and improvement of postal facilities continued. The greatest expansion was in the parcel post. From statistics gathered from fifty leading post offices, it appears that this branch of the postal business constitutes about half of the total, more than a billion parcels being transported annually. The war has crippled the money order system, but has greatly increased the business of the postal savings banks. More than half a million depositors were on the books at the end of June, 1915, and they had on deposit nearly \$66,000,000. These figures represent a gain of 35 per cent, in the number of depositors and of 50 per cent. in the amount of deposits as compared with the preceding year.

Among the striking increases in deposits were 199 per cent. in New York, 183 per cent in Bridgeport, Conn., 167 per cent. in Brooklyn, 162 per cent. in Paterson, 122 per cent. in Jersey City and 112 per cent. in Detroit. Over 58 per cent. of the depositors were foreigners, who had more than 71 per cent. of the total deposits. Among the recommendations in the report are renewals of prior ones for a change from the weight to the space basis of fixing pay to the railroads for carring mails, and for government ownership of telegraphs and telephones, and suggestions for the removal of the four-pound limit on first-class mail, and for the adoption of more liberal limitations on the weight and in-

Supplement to "The Continental Times"

The Exchange of Notes between Austria-Hungary and the United States

SOME COMMENTS

By R. L. Orchelle.

On re-reading the exchange of diplomatic notes between Austria-Hungary and the United States. the student of international psychology and international affairs encounters one important and, indeed, tragic factor. It is a factor which operates on both sides, and its results are as unfortunate between nations as between individuals. A closed diplomatic controversy is often as disheartening as a closed personal correspondence-disillusion, regret, unrighted wrongs, uncorrected evils and unjustified contentions and protestations confront one at every turn. This factor is almost entirely negative and may be described as the inherent inability of nations to understand one another, to speak a common speech or be governed by common standards. This factor is, of course, increased or decreased by the particular attitude assumed by each sidefor Motive is a key that will either lock or unlock the door of Misunderstanding.

A diplomatic controversy is therefore either a formal debate in which points are fenced for or an uniable discussion in which light and agreement are sought. The language in which it is conducted runs the gamut between the heaviest, most turgid legal dullness and the most courtier-like flippancy-though always according to certain forms of international courtesy. Yet even this may be encroached upon by ignoring certain unwirtten laws of diplomatic custom or intercourse—an unfortunate instance of which occurs in the

present exchange of notes.

feb. 11, 1916

There were certain inherent, if not insuperable, obstacles in the way of Austria-Hungary and the United States being able to talk to each other, much less understand each other. To most Americans the real Austria-Hungary is as remote in nature as in distance, and the effort necessary for them to sympathize with the sentiments and opinions of an alien nation of whose citizens they have seen few representatives save humble im-

migrants, is altogether too great.

The audience which the modern diplomat addresses in international matters, is no longer composed of the few members of a court or cabinet, but of the entire press and population of his own country and that of the power he addresses, not to speak of other interested nations. But the question arises whether the language of traditional diplomacy has been made sufficiently elastic for this modern problem. It is doubtful whether the immense and necessary task of influencing not only the immediate Minister, but the public in general, to whom the newspapers trumpet forth these notes, is not beyond the precise niceties and correct legal language of diplomatic form. I am myself fully persuaded that the psychologist, the student of the soul and temperament of foreign peoples, the literary stylist and even the journalist may prove of immense service to even the most astute diplomat in helping him to attain the end or to make the impression he desires.

There is a positive danger in certain features of the system as it now prerails, especially in respect to countries with different languages—a fact from which the English have profited immensely in this war so far are concerned,—a neutrality self-imposed from within like its self-assumed independence. Until these deep flaws as the United States is concerned. We all know the uncertain element, both as to the letter and the spirit of are remedied we may persist as a form of government, but we shall not remain a true union, nor evolve into he original, that resides in a translation. An ambassador recently complained to me of the difficulty of making a people.

proper and adequate translations of foreign notes, for, as he insisted, these must be made literally. The result is in many cases unfortunate and even if the exact meaning be preserved, an altogether different impression is usually conveyed. The personality of the man behind the note-le style c'est l'homme-may be replaced by the individuality of the person making the translation, or be colored by it. And by virtue of the law that not only what is said is of importance, but how it is said, millions of persons may be affected wrongly in their judgment of the "tone" of a note.

For instance the finely - wrought and earefully thought - out clauses and paragraphs of the polished Austro-Hungarian notes, point following point in elaborate sentences, with one delicate qualification modifying another in the conscientious endeavor to fix the precise shade of meaning in the exact tone, are by no means easy to translate into their equivalents in English. For one thing the American popular mind, largely rebellious to sustained effort, is in danger of losing the dialectical argument or the point deduced. On the other hand the more direct, more abrupt and less subtle form and expression of the American notes renders their translation into the accomodating German language a less intricate or uncertain task.

It is to be accounted as one of the tragedies of this world conflict that even among neutral nations the intention and spirit of the Hague Conventions should have been subjected to an interpretation based upon the dead letter and the empty technicality rather than upon the living spirit—which is subject to that most universal of laws: "that circumstances alter cases". Of the justice of Austria-Hungary's protest against the simply overwhelming proportions assumed by the munition industry of the United States, there can be not the slightest doubt. The absurdity of existing laws relating to neutral ty is proved by the paradoxical, almost cynical contention, so easily accepted as an expedient, that it would be "unneutral" not to furnish the well-equipped and numerous enemies of a friendly power with the means to destroy that power, while at the same time surrendering the indubitable neutral right of furnishing it with food! If such a law can be upheld, it is a law which simply clamors for reform or restriction, and there is no American but must regret that our own country, under the real and only test of actual war, should not have been the pioneer in this matter. It was a privilege that was nothing less than a duty to civilization.

One great and fundamental error seems to lie at the root of these unfortunate misconceptions and misunderstandings. This is the assumption that in the nature of things laws which apply to the homogeneous peoples of Europe should also apply to the heterogeneous nation of the United States. The United States, not only by reason of its situation, its exclusive doctrines and traditions, but also by reason of the fact that it is composed not of one race or people but of all, is a nation apart. It should be subject to special stipulations that would prevent the recurrence of such a situation as the present. America is by nature and should be in fact. the neutral nation, par excellence. It is to be fervently hoped that in future Hague Conferences some attention will be paid to this great human and historical fact. It is the duty of America to Americans to remain free of alliances; it is equally the duty of America to proclaim its perpetual neutrality so far as European conflicts

NOTE OF THE IMPERIAL AND ROYAL MINISTER OF FOREIGN AFFAIRS TO THE AMBASSADOR OF THE UNITED STATES OF NORTH AMERICA.

Vienna, June 20th, 1915.

The far-reaching effects arising from the fact that a vast trade in war supplies between the United States of North America on the one hand and Oreat Britain and its allies on the other has for a considerable time been taking place; whilst Austria-Hungary as well as Germany are completely cut off from the American markets, is something which from the very beginning has aroused the serious attention of the Imperial and Royal government. In that the undersigned permits himself to enter upon the discussion of this question, a question which has previously been called to the attention of the Washington Cabinet only by the German Imperial Government, he merely obeys the dictates of an unavoidable duty - that of protecting the interests entrusted to him from further damage resulting out of this situation not only for the German Empire but also for Austria-Hungary.

Though the Imperial and Royal government be thoroughly convinced that the attitude assumed by the government of the United States in this matter arises from no other intention than that of maintaining the strictest neutrality and of conforming to the very letter of the provisions of those international treaties which come into consideration here, the question nevertheless must be considered whether those conditions which have arisen in this war quite independently of the will of the American Government are not of a nature calculated to render null and void the intentions of the Washington Cabinet in so far as their effect is concerned, nay, even to bring about an exactly opposite effect. Should an affirmative answer be given to this question-and its affirmation, in the opinion of the Imperial and Royal Government, cannot be doubted-it follows that another question arises,-as to whether it be not possible and indeed necessary that measures be taken in order to realize fully the desire of the United States government to maintain

an attitude of strict parity towards both | These industries have rather undergone | would no doubt be able to assume a | NOTE OF THE AMBASSADOR OF belligerent parties? The Imperial and an unexpected increase in consequence Royal Government does not hesitate to of the war. In order to manufacture cribed might be obviated. It would return an unconditional affirmative answer | the enormous quantues of arms, muni- | presumably suffice to acquaint the to this question as well.

The American Government which has taken so conspicuous a part in the work of the Hague Conference; must surely be cognizant of the fact that the nature and the essentials of neutrality are by no means exhausted by the fragmentary prescriptions of the agreements under consideration. If we give special consideration to the historical evolution of Article 7 of the Fifth, or conditionally, the Thirteenth Convention upon which the United States Government obviously bases its case in the present instance, and the text of which, as must be agreed, bestows upon it a formal extenuation for tolerating the trade in war material at present carried on by the United States, it is hardly necessary, in order to estimate the true spirit and extension of this rule-which appears, moreover, to have already been transgressed by the rule prohibiting the delivery of warships and by that which forbids the delivery of certain war supplies to belligerent countries-to point out that the particular concessions granted to neutral states in the sense of the Preamble to the last-named Convention, must necessarily be limited by the demands of neutrality in accordance with the principles generally recognized in international law.

According to all the authorities upon international law who have concerned themselves more directly with the question under consideration, a neutral contraband to proceed uninterruptedly when this trade assumes such a form or such proportions as thereby to affect the neutrality of a country. If the judgments regarding the admissibility of the trade in contraband be based upon the criteria which have been established by scholarship in this connection, each of these forces us to the conclusion that the exports of war supplies from the United States as it is carried on during the present war, cannot be reconciled with the demands of neutrality. It is not a question as to whether those American industries which are occupied with the production of war material are to be protected because they have suffered loss through the suspension of

tions and other war materials of various sorts which Great Britain and its allies have ordered in the United States in the course of the past months, it was not only necessary completely to utilize the existent factories, but also to bring about their readaptation and extension, as well as the establishment of large new plants and the streaming together of masses of workmen of all branches to these industries—in short, a profound change in the industrial life of the entire land. No one can therefore dispute the right of the American government to inhibit this undeniably vast export of war supplies by passing an embargo upon shipment, the more so since it is notorious that only one party of belligerents is able to profit therefrom. Should the United States government make use of the privilege to which it is entitled, it would maintain itself free from reproach even if in order to comply with the demands of its own national law, it should proceed to issue such an order. For even though it may in principle be correct that a neutral state ought not to alter the laws valid within its confines and relating to its attitude toward the belligerents, during the duration of a war, an exception may nevertheless be urged against this principle as may be clearly seen from the preamble of the XIII Hague Convention "où l'expérience acquise en démontrerait la nécessité pour la sauvegarde de ses government must not permit trade in droits." This instance is moreover already established in the case of the American government inasmuch as Austria-Hungary as well as Germany are cut off from all commercial intercourse with the United States of Americawithout the just and legal preliminary conditions being complied with—a legitimate

In answer to the possible objection, that in spite of the willingness of the American industrial world to make deliveries to Austria-Hungary and Germany as well as to Great Britain and its allies, it is impossible for the United States of America to carry on trade with Austria-Hungary and Germany merely as a consequence of the warsituation, one may be permitted to the exports they enjoy in times of peace. I indicate that the American government position in which the condition desopponents of Austria - Hungary and Germany with the possibility of an embargo to be placed upon food supplies and raw materials should the legitimate trade in these articles between the Union and the two Central Powers not be freed from repression.

Should the Washington Cabinet be prepared to take action along these lines, it would not only maintain those high traditions which the United States have always upheld with respect to the freedom of legitimate trade by sea, but would also perform the noble service of rendering null and void the outrageous attempts of the enemies of Austria-Hungary and Germany to make use of starvation as an additional ally.

The Imperial and Royal government, acting in the spirit of the excellent relations that have never ceased to subsist between the Austrian-Hungarian monarchy and the United States of America, addresses this appeal to the American government in sincere friendship, that in view of the representations herein made it might give a thorough reconsideration to the standpoint it has up to the present assumed in this most important question. A revision of this standpoint by the United States government in the sense of the interpretation made by the Imperial and Royal government would, according to the conviction of the latter, not only lie within the rights and obligations of a neutral government, but also in the direction of that true humanity and love of peace which have always governed the principles of the United States and been inscribed upon their banner since earliest

The undersigned has the honor to bespeak the gracious mediation of his Excellency the Envoy Extraordinary and Plenipotentiary of the United States of America, Mr. Frederic Courtland Penfield, to bring the foregoing statements by telegraphic means to the knowledge of the Washington Cabinet, and at the same time takes advantage of the occasion to renew to his Excellency, the American Ambassador, the expression of his distinguished consideration.

Burian, m. p.

THE UNITED STATES TO THE IMPERIAL AND ROYAL MINISTER OF FOREIGN **AFFAIRS**

Vienna, August 16, 1915. The undersigned Ambassador of the United States of America did not fail to communicate to his Government the full contents of the esteemed Note, dated the 29th June last, in which His Excellency Baron Burian, Imperial and Royal Minister for Foreign Affairs, set forth the views and comments of the Imperial and Royal Government on the attitude of the Government of the United States in permitting the traffic in arms and ammunition, between American manufacturers and Great Britain and her Allies. He is now instructed by his Government to communicate the following reply:

The Government of the United States has given careful consideration to the statement of the Imperial and Royal Government in regard to the exportation of arms and ammunition from the United States to the countries at war with Austria-Hungary and Germany. The Government of the United States notes with satisfaction the recognition by the Imperial and Royal Government of the undoubted fact that in its attitude with regard to the exportation of arms and ammunition the United States is prompted by its intention to "maintain the strictest neutrality and to conform to the letter of the provisions of international treaties," but is surprised to find the Imperial and Royal Government implying that the observance of the strict principles of the law under the conditions which have developed in the present war is insufficient and asserting that this Government should go beyond the longrecognized rules governing such traffic by neutrals and adopt measures to "maintain an attitude of strict parity with respect to both belligerent parties."

To this assertion of an obligation to change or modify the rules of international usage on account of special conditions the Government of the United States cannot accede. The recognition of an obligation of this sort unknown to the international practice of the past would impose upon every neutral nation l a duty to sit in judgment on the pro-

mercial intercourse with a belligerent whose naval successes prevented the neutral from trade with the enemy. The contention of the Imperial and Royal Government appears to be that the advantages gained to a belligerent by its superiority on the sea should be equalized by the neutral powers by the establishment of a system of non-intercourse with the victor. The Imperial and Royal Government confines its comments to arms and ammunition, but if the principle for which it contends is sound it should apply with equal force to all articles of contraband. A belligerent controlling the high seas might possess an ample supply of arms and ammunition but be in want of food and clothing. On the novel principle that equalization is a neutral duty neutral nations would be obligated to place an embargo on such articles because one of the belligerents could not obtain them through commercial intercourse.

But if this principle, so strongly urged by the Imperial and Royal Government, should be admitted to obtain by reason of the superiority of a belligerent at sea ought it not to operate equally as to a belligerent superior on land? Applying this theory of equalization a belligerent who lacks the necessary municions to contend successfully on land ought to be permitted to purchase them from neutrals while a belligerent with an abundance of war stores or with the power to produce them should be debarred from such traffic.

Manifestly the idea of strict neutrality now advanced by the Imperial and Royal Government would involve a neutral nation in a mass of perplexities which would obscure the whole field of international obligation, produce economic confusion, and deprive all commerce and industry of legitimate fields of enterprise already heavily burdened by the unavoidable restrictions of war.

In this connection it is pertinent to direct the attention of the Imperial and Royal Government to the fact that Austria-Hungary and Germany, particularly the latter, have during the years preceding the present European war produced a great surplus of arms and ammunition which they sold throughout the world and especially to belligerents. Never during that period did either of them suggest or apply the principle now advocated by the Imperial and Royal Government.

During the Boer War between Great Britain and the South African Republics the patrol of the coast of neighboring neutral colonies by British naval vessels prevented arms and ammunition reaching the Transvaal or the Orange Free State. The allied Republics were in a situation almost identical in that respect with that in which Austria-Hungary and Germany find themselves at the present time. Yet in spite of the commercial isolation of one belligerent, Germany sold to Great Britain, the other belligerent, hundreds of thousands of kilos of explosives, gunpowder, cartridges, shot and weapons; and it is known that Austria-Hungary also sold similar munitions to the same purchaser, though in smaller quantities. While as compared with the present war the quantities sold were small (a table of the sales is appended) the principle of neutrality involved was the same. If at that time Austria-Hungary and her present ally had refused to sell arms and ammunition to Great Britain on the ground that to do so would violate the spirit of strict neutrality, the Imperial and Royal Government might with greater consistency and greater force urge its present contention.

It might be further pointed out that of arms and military stores were furnished to Russia by Prussian manufacturers, that during the recent war between Turkey and Italy, as this Government is advised, arms and ammunition were furnished to the Ottoman Government by Germany and that during the Balkan Wars the belligerents were supplied with munitions by both Austria-Hungary and Germany. While these latter cases are not analogous as is the case of the South African War to the situation of Austria-Hungary and Germany in the present war, they nevertheless clearly indicate the long-established practice of the two empires in the matter of trade in war supplies.

this Government is reluctant to believe

gress of a war and to restrict its com- I that the Imperial and Royal Government will ascribe to the United States a lack of impartial neutrality in continuing its legitimate trade in all kinds of supplies used to render the armed forces of a belligerent efficient even though the circumstances of the present war prevent Austria-Hungary from obtaining such supplies from the markets of the United States which have been and remain, so far as the action and policy of this Government are concerned, open to all belligerents alike.

> But in addition to the question of principle, there is a practical and substantial reason why the Government of the United States has from the foundation of the Republic to the present time advocated and practiced unrestricted trade in arms and military supplies. It has never been the policy of this country to maintain in time of peace a large military establishment or stores of arms and ammunition sufficient to repel invasion by a well-equipped and powerful enemy. It has desired to remain at peace with all nations and to avoid any appearance of menacing such peace by the threat of its armies and navies. In consequence of this standing policy the United States would, in the event of attack by a foreign power, be at the outset of the war seriously, if not fatally embarrassed by the lack of arms and ammunition and by the means to produce them in sufficient quantities to supply the requirements of national defence. The United States has always depended upon the right and power to purchase arms and ammunition from neutral nations in case of foreign attack. This right, which it claims for itself, it cannot deny to others.

A nation whose principle and policy it is to rely upon international obligations and international justice to preserve its political and territorial integrity might become the prey of an aggressive nation whose policy and practice it is to increase its military strength during times of peace with the design of conquest unless the nation attacked can after war has been declared can go into the markets of the world and purchase the means to defend itself against the ag-

The general adoption by the nations of the world of the theory that neutral powers ought to prohibit the sale of arms and ammunition to belligerents would compel every nation to have in readiness at all times sufficient munitions of war to meet any emergency which might arise and to erect and maintain establishments for the manufacture of arms and ammunition sufficient to supply the needs of its military and naval forces throughout the progress of a war. Manifestly the application of this theory would result in every nation becoming an armed camp ready to resist aggression and tempted to employ force in asserting its rights rather than appeal to reason and justice for the settlement of international disputes.

Perceiving as it does that the adoption of the principle that it is the duty of a neutral to prohibit the sale of arms and ammunition to a belligerent during the progress of a war would inevitably give the advantage to the belligerent who has encouraged the manufacture of munitions in time of peace and who had laid in vast stores of arms and ammunition in anticipation of war, the Government of the United States is convinced that the adoption of the theory would force militarism on the world and work against that universal peace which is the desire and purpose of all nations which exact justice and righteousness in their relations with one another.

The Government of the United States during the Crimean War large quantities | in the foregoing discussion of the practical reason why it has advocated and practised trade in munitions wishes to be understood as speaking with no thought of expressing or implying any judgment with regard to the circumstances of the present war but as merely putting very frankly the argument in the matter which has been conclusive in determining the policy of the United States.

While the practice of nations, so well illustrated by that of Austria-Hungary and Germany during the South African War, and the manifest evil which would result from a change of that practice render compliance with the suggestions of the Imperial and Royal Government In view of the foregoing statements out of the question, certain assertions appearing in the Austro-Hungarian state-

ment as grounds for its contentions cannot | be passed over without comment. These assertions are substantially as follows: (1) That the exportation of arms and ammunitions from the United States to belligerents contravenes the preamble of the Hague Convention No. 13 of 1907: (2) That it is inconsistent with the refusal of this Government to allow delivery of supplies to vessels of war on the high seas; (3) That, "according to all authorities on international law who concern themselves more properly with the question", exportation should be prevented "when this traffic assumes such a form or such dimensions that the neutrality of a nation becomes involved thereby."

As to the assertion that the exportation of arms and ammunition contravenes the preamble of the Hague Convention No. 13 of 1907 this Government presumes that reference is made to the last paragraph of the preamble which is as follows: "Seeing that, in this category of ideas, these rules should not, in principle, be altered, in the course of the war, by a neutral Power, except in a case where experience has shown the necessity for such change for the protection of the rights of that Power".

Manifestly the only ground to change the rules laid down by the Convention, one of which, it should be noted, explicitly declares that a neutral is not bound to prohibite the exportation of contraband of wall is the necessity of a neutral Power to do so in order to protect its own rights. The right and duty to determine when this necessity exists rests with the neutral, not with a belligerent. It is discretionary and even mandatory. If a neutral Power does not avail itself of the right a belligerent is not privileged to complain, for in doing so it would be in the position of declaring to the neutral Power what is necessary to protect that Power's own rights. The Imperial and Royal Government cannot but perceive that a complaint of this nature would invite just rebuke.

With reference to the asserted inconsistency of the course adopted by this Government in relation to the exportation of arms and ammunition and that followed in not allowing supplies to be taken from its ports to ships of war on the high seas, lit is only necessary to point out that the prohibition of supplies to ships of war rests upon the principle that a neutral power must not permit its territory to become a naval base for either belligerent. A warship may under certain restrictions obtain fuel and supplies in a neutral port once in three months. To permit merchant vessels acting as tenders to carry supplies more often than once in three months and in unlimited amount would defeat the purpose of the rule, and might constitute the neutral territory a naval base. Furthermore this Government is unaware that any Austro-Hungarian ship of war has sought to obtain supplies from a port in the United States either directly or indirectly. This subject has, however, already been discussed with the Imperial German Government to which the position of this Government was fully set forth December 24, 1914.

In view of the positive assertion in the statement of the Imperial and Royal Government as to the unanimity of the opinions of text writers as to the exportation of contraband being unneutral this Government has caused a careful examination of the principal authorities on international law to be made. As a result of this examination it has come to the conclusion that the Imperial and Royal Government has been misled and has inadvertently made an erroneous assertion. Less than one-fifth of the authorities consulted advocate unreservedly the prohibition of the export of contraband. Several of those which would constitute this minority admit that the practice of nations has been otherwise. It may not be inopportune to direct particular attention to the declaration of the German authority Paul Einicke who states that at the beginning of a war, belligerents have never remonstrated against the enactment of prohibitions on trade in contraband, but adds "that such prohibitions may be considered as violations of neutrality, or at least as unfriendly acts, if they are enacted during a war with the purpose to close unexpectedly the sources of supply to a party which heretofore had | in Article 7 with the question of the relied on them;" however the Govern-

ment of the United States deems it un- | analysis is as follows: I give the historical necessary to extend further at the present time a consideration of the statement of the Austro-Hungarian Government. The principles of International Law, the practice of nations, the national safety of the United States and other nations without great military and naval establishments, the prevention of increased armies and navies, the adoption of peaceful methods for the adjustment of international differences and finally neutrality itself are opposed to the prohibition by a neutral nation of the exportation of arms, ammunition or other munitions of war to belligerent Powers during the progress of the war.

The undersigned avails himself of this opportunity to renew to his Excellency the Imperial and Royal Minister for Foreign Affairs the assurance of his highest consideration.

Frederic C. Penfield.

German Exports of Arms and Ammunition to Great Britain

Articles	1899	1900	1901	1902
		Qua	intity	
		- 100	kilos -	_
Explosives	4,342	6,014	5,147	3,645
Gunpowder	28	658	243	69
Gunbarrels	12	966	21	133
Shot of malleable				
iron not polished				
etc	38	43	38	-
Shot, further manu-				
factured polished				
etc. not lead coated		4		
Shot, nickled or lead				
coated, with cop-				
per rings, etc	-	8,018	176	
Weapons for war				
purposes	-	-	18	2
Cartridges with cop-		4		
per shells and				
percussion caps	904	1,595	866	982
	THE ST			

Austro-Hungarian Exports of Arms and Ammunition to

Grea	i Bri	tain		
Articles	1899	1900	1901	1902
STATE OF THE PARTY.		Quan	tity	
		_ 100 l	cilos -	
Arms (exclusive of				
small arms)	190	374	12	_
Separate parts of				
arms	1	1	_	_
Small arms	2	8	20	5
Ammunition and				
explosives under				
tariff No. 346	1	7	16	51
Other ammunition				
and explosives	_	_	4	-

DR. EINICKE REFUTES PRESIDENT WILSON. AN ERRONEOUS ASSUMPTION IN THE AMERICAN NOTE:

The Note regarding American munition exports handed by the American Ambassador in Vienna to the Royal and Imperial Minister of Foreign Affairs and dated the 16th of August, 1915, refers to a "declaration" in which I am supposed to explain that "at the beginning of a war, belligerents have never remonstrated against the enactment of prohibition in trade in contraband," but that I add: "that such prohibitions may be considered as violations of neutrality or at least as unfriendly acts, if they are enacted during a war with the purpose to close unexpectedly the sources of supply to a party which heretofore had relied on them."

It is true that an opinion of this sort is to be found upon page 99 in my treatise "Rights and Duties of the Neutral Powers in Naval Warfare: "according to the Hague Convention of October 18th, 1907" (published by Mohr at Tübingen). The first sentence nevertheless runs thus word for word in the original: "Belligerents have never remonstrated against the issuance of prohibitions," which therefore plainly signifies that even during a war a prohibitive measure has never been regarded as an unfriendly act. Nevertheless the fact remains that theoretically and under certain conditions a remonstrance may be considered as justifiable.

For all that I emphatically object against Pres. Wilson calling upon me as a witness for the state in order to justify his present attitude. Had he read my treatise as a whole instead of merely tearing a passage out of the text, it is not likely that he would have ventured to cite me. This little work of mine is a detailed monograph upon the Convention mentioned which, as is well-known, deals export of contraband. My method of

evolution of every law or regulation as embodied in the various articles up to the time of the Second Hague Conference in 1907, then describe the course of the Hague discussions, and conclude with a critical disquisition as to the result. The passage quoted by Pres. Wilson is to be found at the close of the section called: "Historical Development," with the subsection: "Practice of States." The division which contains the passage cited begins thus: "A glance back over the practices hitherto in vogue results in . . . " In other words, this means that according to the practice of States before the Hague Conference, the condition of the law was such that in cases of a very special nature a prohibition of this sort might have been conceived as an unfriendly act. I established this by making an emphatic reference to a note of Lord Granville's of the 21st of October, 1870.

Had I not said anything further than this President Wilson's mis-interpretation might have been pardonable. But when he proceeds to state in his note, immediately preceding the place at which he introduces my opinions, that "the Imperial and Royal Government has been misled and has inadvertently made an erroneous assertion," one might venture to say that he should in duty have felt himself obliged to read the treatise of which he had made use, not only carefully but as a whole. At the very least he should have read that section which bears the caption of: "The Exercise of Rights as established in the Convention is not an unfriendly act." The Convention, it must not be forgotten, has another Article, No. 26, which reads:

"The exercise by a neutral power of the rights laid down in the present Convention can under no circumstances be considered as an unfriendly act by one or the other belligerent who has accepted the article relating thereto."

Commenting upon this article I make it clear that Article 7 gives a conditional right to neutrals to forbid the export or transmission of contraband to a belligerent. I then go on to say: "Are these conditional rights to be amenable to the regulations of Article 26, or may a belligerent who must depend upon the import of weapons from a foreign country, regard it as an unfriendly act, if, for instance, a neighboring state through which the arms must be transported, refused it permission to let them pass? It would have been desirable that the interpretation of this article would make it clear as to whether the regulations of the article also apply to such cases."

I therefore make it clear in this place that according to the Convention of October 18th, 1907, a prohibition of export or transport could, in my opinion, never be considered as an unfriendly act-I merely express my regret that the obscure terms of Article 26 do not more clearly express this. The objection may perhaps be made that I did not in this place emphatically define as valid a law which deprives a belligerent dependent upon imports from foreign countries from such assistance even during the course of a war. My reply to this is as follows: "Woodrow Wilson's note in itself concedes that neutrals, according to the preamble of the Convention, have the right to alter their rules of neutrality when this proves necessary to maintain their rights. He merely denies that he is under obligations to do this at the request of a belligerent. He acknowledges the right to alteration as a matter of principle. But if such a right exists, it is impossible for him ever to regard its carrying out according to Article 26 as an unfriendly act."

NOTE OF THE IMPERIAL AND ROYAL MINISTER OF FOREIGN AFFAIRS TO THE AMBASSADOR OF THE UNITED STATES AT VIENNA

Vienna, September 24th, 1915. The undersigned has had the honor to receive the esteemed note of August 16th of this year, No. 2758, in which his Excellency the Envoy Extraordinary and Plenipotentiary of the United States of America, Mr. Frederic Courtland Penfield has been pleased to define the position which the government of the United

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States of North America has assumed | new plants and the extension of the in the question of the delivery of war supplies to Great Britain and its allies, as represented by the standpoint of the Imperial and Royal government.

The representations which the Washington Cabinet has devoted to this question permit the various points of view to be discerned which are accepted as standards by the American Government in this contingency, and which in its opinion prevent it from accepting the views which the Imperial and Royal Government regards as valid. Greatly as the Imperial and Royal Government has been concerned to test in detail the valid points submitted by the Washington Cabinet, the most careful weighing and valuation are unable to determine it to recede from the standpoint made clear in the note of June 29th of this year,-No. 59,465.

The amplifications of the American Government depend to a great extent upon the irrelevant assumption that e Imperial and Royal Government had in fact disputed the privilege, which according to Article 7 of the 5th and the 13th Hague Convention, bestows upon the citizens of neutral states the right of furnishing contraband—whereas the note of the Imperial and Royal Government had expressly stated, that the letter of the rule—but only the letter—referred to, accorded the American Government a formal justification for tolerating the traffic in war materials at present carried on by its citizens. It is self-evident that it would be far from the intention of the Imperial and Royal Government to impute to the Washington Cabinet any desire to deviate from a valid agreement. It merely indicated that its acceptance of this rule should not be given an interpretation which would be contradictory to the basic thought and the highest principles of the rights of neurality. It is true that with the progressive codification of international law there arises the danger that the legal clauses as laid down in written agreements, are to be regarded as the sum and total of international law and that the most common ideal of international law, so far as this is not expressly stated in state agreements, will be overlooked. This, however, is a possibility which should above all be anticipated especially in connection with the subject of the rights of neutrality and it is in this sense that in the Preamble of the 13th Hague Convention (section 2 and 3) stress is laid upon the fact that the stipulations of this agreement represent only fragments which cannot be applied to all circumstances arising in practise and which find their correctives or in certain cases their complement in the general principles of international law.

The Imperial and Royal Government had therefore confined its pertinent exposition to the special problem as to whether the treaty provision quoted did not reach its limits in these principles. And when in affirming this question it referred to the authorites, it merely had and only could have had such authorities in view as have made a special examination of the question as to whether the export of war supplies, permissible under ordinary circumstances, did not under other circumstances involve a compromise of neutrality. A declaration to the effect that the authors were unanimously of the opinion that the export of contraband was opposed to neutrality, is to be found in no portion of the note of June 29th, 1915.

Furthermore, the Imperial and Royal Government uttered no word concerning a principle of "equalization". As a matter of fact the suggestion it made in respect to the question concerning the export of war supplies was not based upon the fact that it was not itself in a position to import such supplies from the United States, - nay, it is even of the opinion that the excessive export of war materials would not be admissible even if this took place to the countries of both belligerent parties. The thought that it was incumbent upon a neutral power to make good the disadvantage in which Austria-Hungary finds itself owing to the impossibility of importing war supplies from the territory of such neutral power, by this neutral power forbidding its subjects to maintain their normal commerce with such goods, had never occured to the Imperial and Royal Government. It made no other objection than this-that the industrial life of the United States through the creation of

present plants, has been made serviceable in the most comprehensive degree to the purpose of producing and exporting materials of war, has, so to speak, been militarised-if it be permitted to make use of this much-abused word.

In this concentration of so many forces toward one end-the delivery of war supplies which, even though not intentionally, are nevertheless actually as a matter of consequence, an effective support of one of the parties to the wara fact rendered all the more conspicuous since the other party to the war is not even given deliveries of such goods as are not contraband-lies a fait nouveau through which the allusion to supposed cases of precedent in other wars loses its validity. The parallel between this and former wars is the less tenable inasmuch as these have always been wars between single powers or at least between groups of powers less numerous. Under such conditions it was possible that when a neutral power delivered war material to one belligerent only, the other might apply to other neutrals. In the present war, however, the United States of America are the solitary power which is seriously to be taken into consideration in this respect. Through this fact likewise the export of war material from the Union as it is now carried on, attains quite a different significance from that which could ever before have been applied to the export of contraband. Since all these variable phases had attained their full significance only during the course of this war, the Austrian-Hungarian Government believes itself entitled to the interpretation that these elements would in the sense of the last clause of the preamble to the 13th Convention, have been ample justification for the alteration of standards which had up till then found sanction in the United States. There can be no doubt that complete and strict non-partisanship such as is striven for by the Cabinet at Washington as well as the refraining from all direct and indirect support and furtherance of one belligerent, is in all cases to be likewise considered as one of the rights of a neutral state.

Should experience prove that an embargo of one kind or another should become necessary for this purpose in the course of a war, then such neutral power would be justified in altering the practise of neutrality to which it had hitherto adhered.

On the other hand the present and up till now unprecedented case is to be considered as something entirely unique -something which—as already indicated -is not provided for by Article 7 as quoted and may therefore be regarded as nothing else than a "cas non prévu", which is to be adjudged in the spirit of the preamble of the 13th Convention (clause 3) according to the common principles of international law as these had been developed in the preceding passages.

Moreover the suggestion made by the Imperial and Royal government with respect to the deliveries of food supplies and raw materials, were not governed by the idea that a neutral government was obligated to make good the advantages accruing to one party of belligerents over the other by adopting a "non-intercourse" system. This suggestion, as may be seen from the purport of the note of June 29th, 1915, was to serve only the purpose of acquainting the Washington Cabinet, which had declared that it was impossible for the United States to carry on commerce with the Central Powers in consequence of the war situation, that it lay within the power of the United States government to create such a possibility. As a matter of fact it is not the naval successes of Great Britain and its allies which put a stop to the trade between America and Austria-Hungary, at least so far as noncontraband comes into question, but the illegal measures adopted by the countries of the Entente, measures which as is known to the Imperial and Royal government, are also regarded as illegal by the United States.

The Imperial and Royal government, to be sure, does not deny that in the event of the Washington Cabinet meeting the views of the Imperial and Royal government, this would result in the attitude of the United States towards the two parties of belligerents being a less unequal one in the field of commercial intercourse than is the ease at present.

But out of this it appears to the Imperial and Royal government that an argument against the suggestion, however otherwise acknowledged as justified from the viewpoint of neutrality, may be the less deduced, as it must assuredly also be in line with the views of the Washington Cabinet that it does not lie within the tasks of a neutral state to shape its attitude towards both belligerent parties as unequally as possible, or in case such an inequality already exists, to refrain from altering it under all circumstances.

Contrary to the assumption of the United States government that in the opinion of the Imperial and Royal government the export of arms and munitions is in violation of the last clause of the preamble to the 13th Convention, it must be emphasized that the Imperial and Royal government has taken its position against the excessive export of war supplies—as already entered into above upon the basis of the 2rd and 3rd clause of this preamble. The reference to the last clause was conceived in connection with the question of the illegal exclusion of Austria-Hungary from the American market and was intended to show that the United States would on these grounds alone be justified in issuing an embargo by due legislation.

Should it, as appears, lie within the intention of the United States, to give voice to the idea that the government of a belligerent country lacks the necessary legitimation to open up overtures where the preservation or the exercise of the rights of a neutral state are concerned, this is no doubt to be explained by the circumstance that the Washington Cabinet had interpreted the final clause referred to, in a manner somewhat too restrictive, as though it were concerned only with purely personal rights whose observation must necessarily, as is likewise the opinion of the Imperial and Royal Government, be left to the judgment of the neutral state. But the clause referred to, as appears from the report which the French delegate M. Renault made to the full session of the Hague Conference regarding the 13th Co wention (Deuxieme Conf. Intern. de la Paix, actes et doc., tome I., p. 326) has in mind the preservation of neutrality, and a belligerent cannot therefore be senied the privilege, pased upon this particular passage, of addressing a neutral government when the rights of the neutral state grow tangential to the circle of rights of the belligerent.

It is with active interest that the Imperial and Royal government has followed the expositions of the United States government in which points of view are expounded which appear to make it conclusive that the Washington Cabinet holds that no limits should be set to the export of war material in the present war but the Austrian-Hungarian government does not give up hope of obtaining the assent of the United States government, when it observes that these points of view, being of a purely practical nature, have no influence upon the judgment of the point of law at issue, whereby it is necessary on our part that we should leave unexamined the fact whether the production of war material in the United States could assume such enormous proportions, would not rather lead to the conclusion that the United States, in which all the preliminary conditions of this production, human labor, natural resources and capital, are now to be found in superabundance in the event of their being obliged to wage war on their own account, not to speak of the augmentation of the energies of its citizens in their own cause, -- would not be dependent upon supplies of war materials from foreign countries.

In particular the Imperial and Royal government would like to be permitted to add the following:

In the quotation of a number of cases of precedent by the Washington Cabinet, cases which, as already intimated, cannot be accepted as precedents, the government of the United States lays stress upon the instance of the Boer War, during the course of which an analogous commercial isolation of one belligerent took place, just as in the present war. But an analogy of this kind can in truth hardly be said to exist, since Great Britain at that time had not issued orders against trade such as are now represented by the illegal measures taken by the London Cabinet, and that the prevention of an import of arms and

munitions to which the United States Government refers, cannot by any means be regarded as a commercial isolation One need scarcely mention the fact that the export of war material from Austria-Hungary during the Boer War, as well as in other wars in which such an export took place at all, had never exceeded the limits of admissibility.

As to the reference made by the Cabinet at Washington to the German author cited, the validity of the conclusions drawn from this source have also been negatived by the fact that—as the United States government must in the meantime have discovered-Herr Einicke has himself publicly protested against one passage of his treatise regarding neutrality in naval warfare being interpreted in favor of the attitude assumed by the Washington Cabinet. In addition the Imperial and Royal government holds it to be self-evident that a neutral state must not issue an embargo with the intention of injuring one of the belligerent parties. But it is equally self-evident that it could never be maintained of an embargo law which had been issued by a neutral state in order to preserve its neutrality that this had been done with the intention of injuring one party of belligerents.

Finally the disquisitions of the United States government dealing with the provisioning of warships are a pparently based upon a misunderstanding. In alluding to the law forbidding the delivery of warships and the prohibition of certain deliveries to warships the Imperial and Royal governments had no concrete instance in mind, but merely the prohibitions as expressed in Articles 8, 19 and 20 of the 13th Hague Convention.

The undersigned has the honor to bespeak the kindness of his Excellency the Ambassador of the United States in forwarding the foregoing friendly expositions—which are intended me rely to serve as a complement to the present ation of the legal situation as expressed in the note of June 29th, 1915, with consideration of the instances cited by the American government—to the Washington Cabinet by telegraphic means, and at the same time makes use of this occasion to renew to his Excellency, the American Ambassador, his sentiments of distinguished consideration.

Burián, m. p.

THE FIRST NOTE OF THE UNITED STATES IN THE "ANCONA" AFFAIR.

Vienna, December 9th, 1915.

The undersigned Ambassador of the United States of America has the honor, pursuant to instructions from his Government, to make the following communications to His Excellency Baron Burián, Imperial and Royal Minister for Foreign Affairs, in relation to the sinking of the Italian steamship "Ancona" on the 7th ultimo off the coast of Sardinia:

Reliable information obtained from American and other survivors who were passengers on the steamship "Ancona" shows that on November 7th a submarine flying the Austro-Hungarian flag fired a solid shot toward the steamship; that thereupon the "Ancona" attempted to escape but being overhauled by the submarine she stopped; that after a brief period and before the crew and passengers were all able to take to the boats, the submarine fired a number of shells at the vessel and finally torpedoed and sank her while there were yet many persons on board; and that by gun fire and foundering of the vessel a large number of persons lost their lives or were seriously injured among whom were citizens of the United States.

The public statement of the Austro-Hungarian Admiralty has been brought to the attention of the Government of the United States and received careful consideration. This statement subsequently confirms the principal declaration of the survivors as it admits that the "Ancona" after being shelled was torpedoed and sunk while persons were still on board.

The Austro-Hungarian Government has been advised through the correspondence which has passed between the United States and Germany of the attitude of the Government of the United States as to the use of submarines in attacking vessels of commerce and the

acquiescence of Germany in that attitude yet, with full knowledge on the part of the Austro-Hungarian Government of the views of the Government of the United States as expressed in no uncertain terms to the ally of Austria-Hungary, the commander of the submarine which attacked the "Ancona" failed to put into a place of safety the crew and passengers of the vessel which they purposed to destroy because, it is presumed, of the impossibility of taking it into port as a prize of war.

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The Government of the United States considers that the commander violated the principles of international law and of humanity by shelling and torpedoing the "Ancona" before the persons on board had been put in a place of safety or even given sufficient time to leave the vessel. The conduct of the commander can only be characterized as wanton slaughter of defenceless noncombatants since at the time when the vessel was shelled and torpedoed she was not, it appears, resisting or attempting to escape and no other reason is sufficient to excuse such an attack not even the possibility of rescue.

The Government of the United States is forced, therefore, to conclude either that the commander of the submarine acted in violation of his instructions or that the Imperial and Royal Government failed to issue instructions to the commanders of its submarines in accordance with the law of nations and the principles of humanity. The Government of the United States is unwilling to believe the latter alternative and to credit the Austro-Hungarian Government with an intention to permit its submarines to destroy the lives and property of helpless men, women and children. It prefers to believe that the commander of the submarine committed this great outrage without authority and contrary to the general or special instructions which he had received. As the good relations of the two countries must rest upon a common regard for law and humanity, the Government of the United States cannot be expected to do otherwise than to demand that the Imperial and Royal Government denounce the sinking of the "Ancona" as an illegal and indefensible act, that the officer who perpetrated the deed be punished, and that reparation by the payment of an indemnity be made for the citizens of the United States who were killed or injured by the attack on the vessel.

The Government of the United States expects that the Austro-Hungarian Government, appreciating the gravity of the case, will accede to its demand promptly; and it rests this expectation on the belief that the Austro-Hungarian Government will not sanction or defend an act which is condemned by the world as inhuman and barbarous, which is abhorrent to all civilized nations and which has caused the death of innocent American citizens.

The undersigned avails himself of this opportunity to renew to His Excellency the Imperial and Royal Minister for Foreign Affairs the assurance of his highest consideration.

Frederic C. Penfield, m. p.

THE ANSWER TO THE "ANCONA" NOTE OF THE UNITED STATES OF NORTH AMERICA.

Vienna, December 14, 1916.

In answer to the esteemed note which his Excellency the Envoy Extraordinary and Plenipotentiary of the United States of America, Mr. C. Frederick Penfield, has addressed to the undersigned under date of the 9th inst. with reference to the matter of the sinking of the Italian steamer "Ancona," the undersigned has the honor as a preliminary step and as something in no way invalidating a thorough and meritorious treatment of the reclamation, to remark that the sharpness with which the American government assumes that the commander of the submarine in question should be censured, and the decisiveness with which these demands appear to be directed to the Imperial and Royal government, might well have permitted one to hope that the American government would have made a careful presentation

of the actual circumstances of the case upon which it bases its demands. As may easily be ascertained, the present ation of the contents of the said note leaves room for numerous doubts, and even should it be verified upon all points and the most rigorous interpretation of the law be adopted in the judgment of these, it would nevertheless not furnish sufficient reason for holding the commander of the war vessel or the Imperial and Royal government to be guilty of a wrongful act.

The American government has also neglected to designate the persons upon whose statements it depends and which it apparently thinks itself entitled to credit with a greater degree of trustworthiness than the Chief of the Imperial and Royal fleet. Nor does the note furnish any particulars in connection with the number, the names and the immediate fate of the American citizens who happened to be aboard the said steamer at the critical moment. Nevertheless the Imperial and Royal government in view of the fact that the Washington Cabinet has now made a positive statement in the body of this note, to the effect that citizens of the United States of America have come to harm, is now prepared in principle to enter upon an exchange of views in this matter with the American government. The Imperial and Royal government must, however, first posit the question as to why the American government in consideration of special circumstances of the case as emphasized by itself, should have failed to base the claims made in its note upon a legal foundation and in place of such a basis, should point to a correspondence which it had entertained in other matters with another government. The Imperial and Royal government is the less able to follow the American government upon paths so unusual, since it by no means possesses any authentic knowledge of all the pertinent correspondences of the American government, and is also of the opinion that such knowledge would not suffice it in the case at issue, a case which, so far as its information goes, differs in essential points from the case or cases at which the American government seems to hint. The Imperial and Royal government may therefore leave it to the Washington Cabinet to formulate the separate clauses of law against which the commander of the submarine is supposed to have transgressed in connection with the sinking of the "Ancona."

The American government has also thought fit to allude to the position assumed by the Berlin government in the exchange of notes referred to. The Imperial and Royal government finds nothing in this esteemed note which would serve as an indication as to what intention is to be served by this allusion. Should it however have been within the intention of the American government to express an opinion tending toward the supposition that the case mentioned. so far as the Imperial and Royal government is concerned, would in any way influence the legal decision through a precedent of any sort, the said government must, in order to anticipate eventual misunderstandings, declare that it naturally reserves full liberty for itself to make valid its own interpretation of law in the discussion of the "Ancona" case.

The undersigned has the honor to bespeak the kindness of his Excellency the Ambassador of the United States of America, with the request that he communicate the foregoing to the American government and takes advantage of the occasion to give expression to the fact that under all circumstances the Imperial and Royal government laments the fate of the innocent victims of the incident in question no less than does the American government, and at the same time makes use of the opportunity to renew to his Excellency the Ambassador, assurances of his sentiments of distinguished consideration. Burián, m. p.

NOTE OF THE AMBASSADOR Of THE UNITED STATES TO THE IMPERIAL AND ROYAL MINISTER OF FOREIGN AFFAIRS.

Vienna, December 21 st, 1915. The undersigned Ambassador of the United States of America has the honor to communicate to His Excellency Baron Burián, Imperial and Royal Minister for Foreign Affairs, the following reply of the Government of the United States to His Excellency's esteemed Note of the 14 th instant, No. 5735, with reference to the sinking of the Italian steamship "Ancona", the purport of which in translation was duly transmitted to the Secretary of State at Washington:

The Government of the United States has received the Note of your Excellency relative to the sinking of the "Ancona" which was delivered at Vienna on December 15th, 1915, and transmitted to Washington, and has given the Note immediate and careful consideration.

On November 15th, 1915, Baron Zwiedinek, the Chargé d'Affaires at Washington, transmitted to the Department of State a report of the Austro-Hungarian Admiralty with regard to the sinking of the steamship "Ancona" in which it was admitted that the vessel was torpedoed after her engines had been stopped and when passengers were still on board. This admission alone is, in the view of the Government of the United States, sufficient to fix upon the Commander of the submarine which fired the torpedo the responsibility for having wilfully violated the recognized law of nations and entirely disregarded those humane principles which every belligerent should observe in the conduct of war at sea. In view of these admitted circumstances the Government of the United States feels justified in holding that the details of the sinking of the "Ancona", the weight and character of the additional testimony corroborating the Admiralty's report and the number of Americans killed or injured are in no way essential matters of discussion. The culpability of the commander is in any case established and the undisputed fact is that citizens of the United States were killed, injured or put in jeopardy by his

The rules of international law and the principles of humanity which were thus wilfully violated by the Commander of the submarine have been so long and so universally recognized and are so manifest from the standpoint of right and justice that the Government of the United States does not feel called upon to debate them and does not understand that the Imperial and Royal Government questions or disputes them.

The Government of the United States, therefore, finds no other course open to it but to hold the Imperial and Royal Government responsible for the act of its naval Commander and to renew the definite but respectful demands made in its communication of the 6th December, 1915 (the undersigned's Note No. 4167, of the 9th instant). It sincerely hopes that the foregoing statement of its position will enable the Imperial and Royal Government to perceive the justice of those demands and to comply with them in the same spirit of frankness and with the same concern for the good relations now existing between the United States and Austria-Hungary which prompted the Government of the United States to make them.

The undersigned avails himself of this opportunity to renew to His Excellency the Imperial and Royal Minister for Foreign Affairs, the assurance of his highest consideration.

Frederic C. Penfield, m. p.

AUSTRIA-HUNGARY'S ANSWER TO SECOND NOTE OF THE UNITED STATES GOVERN-MENT IN THE MATTER OF THE "ANCONA."

Vienna, Dec. 29, 1915. In reply to the esteemed Note No. 430, dated the 21st of this month, the undersigned has the honor to advise his Excellency Frederick Courtland Penfield, Ambassador of the United States, as

The Imperial and Royal Government is in the fullest agreement with the necessity of taking into account, even in time of war, the sacred dictates of humanity. Just as it has up to the present, never given anyone cause to doubt its reverence for these dictates, so in the whole course of this war, which presents so many frightful aspects of the destruction of the moral sense, it has given to enemies and neutrals alike, numerous proofs of its humanitarian sentiments. The blame did not lie with this government when a short time ago it was not able to see eye to eye with the Washington Cabinet, precisely in a question which in concord with the universal public opinion in Austria-Hungary it regarded as fundamentally a question of humanity.

Further the Imperial and Royal Government is essentially in agreement with the principle enunciated in the esteemed Note, that enemy private ships, in so far as they do not attempt flight or resistance, may not be destroyed, except after the persons on board of them have been brought into safety.

The Imperial and Royal Government receives with pleasure the assurance that the Government of the United States sets a high value upon the maintenance of the good relations which fortunately obtain between Austria-Hungary and the United States of America. It reiterates this assurance in the warmest manner and is now as heretofore resolved, so far as lies in its power, to render these relations still more cordial.

Led by the same frank spirit as the Government of the Union, the Imperial and Royal Government is prepared, although it did now in the Note aforementioned, find an answer to all its justifiable questions, to communicate to the United States Government the result of the enquiry which in consequence of the existing internal provisions, was immediately instituted upon the receipt of the naval communication as to the sinking of the "Ancona," and which is at this moment concluded The result of this enquiry reveals the facts to be as follows:

On the 7th of November, 1915, at forty minutes past eleven in the forenoon, the Commander of the submarine, then in 38° 40' North and 10° 8' East, in thick weather, suddenly observed a point off the starboard bow, at a distance of about 3000 yards, the outline of a large Italian steamer loom up out of the fog. He believed it at first to be a transport steamer, turned, and fired a warning shot from the aft gun, directed wide of the ship; at the some time he hoisted the signal "Leave the ship!" The steamer did not stop, on the contrary she turned and attempted to escape. The Commander thereupon remained quiet for some minutes, that the distance might be increased, since he feared that the steamer had a gun on her afterdeck and would fire upon the submarine. When a distance of 4500 yards had been attained, he started upon the chase at full speed, and fired from the forward gun at decreasing distances, 16 shells, among which he could observe three that reached their mark. During the pursuit the steamer took a zig-zag course, and only stopped when hit for the third time. Thereupon

the Commander suspended fire. Already during her flight, when going at full speed the steamer had lowered some boats containing passengers. These capsized at once. After stopping she

of about 2000 yards the Commander saw that six boats were laden and were rowing quickly away from the steamer. Another boat was capsized and floated keel upward; the passengers were clinging fast to the floating ropes and to the capsized boat. As the submarine came nearer, the Commander observed that there was great panic aboard, and that the vessel was a passenger steamer, the "Ancona," from Genoa. On this account he allowed the travellers on the steamer more than the usual time to leave the ship and take to the life-boats.

There were still at least ten lifeboats aboard, which would have more than sufficed for the rescue of the persons still remaining on board; one of these boats, completely filled, hung half suspended from the boat-davits. As however, no further efforts were made to lower the boats, the commander decided, after a lapse of 45 minutes, to torpedo the ship in such a manner that it must remain above water for a long period, so that on the one hand the launching of the boats might be expedited, and on the other hand, ample opportunity remain for saving the lives of those still remaining on board.

Shortly afterwards, a steamer came into view, which made for the "Ancona" with great clouds of smoke issuing from its funnels, and which had appar- In the spirit of the provision that officers ently been summoned by the "Ancona", through her wireless apparatus. As the submarine commander had now to reckon with an attack by the steamer, which he took to be an enemy cruiser, he dived, after he had at 12.35 p. m., at a distance of 800 yards, fired a torpedo into the forward cargo-hold of the "Ancona". After the shot the ship took a list of about ten degrees to starboard.

There was then an attempt to complete the launching of the suspended lifeboat; it tore away, however, and fell into the water. The boat floated keel upward, and the people clung to its edge. None of the remaining boats were lowered, although passengers were still discernible on deck. The steamer righted herself upon an even keel, and sank so slowly that at first the long parallel plungings. During this further period of 45 minutes, everyone on board could have been rescued without difficulty in the remaining boats: From the circumstance that this, contrary to expectation, did not take place, the commander came to the conclusion that the crew, contrary to all the laws of the sea, had saved themselves in the first boats and left the passengers who had been entrusted to them to their own devices.

The weather at the time of the occurrence was good and the sea calm, so that the lifeboats could have reached the nearest shore without danger. In fact the lifeboats came to grief only on account of the inefficient manner in which they were lowered, and not after they had gained the water. The loss of human life cannot in any way be attributed primarily to the sinking of the ship; on the contrary, and in all probability to a much greater degree is this traceable to the casting-off of the first boats when the ship was going full steam ahead-to the fact that the crew thought only of themselves, and made no attempt to rescue the inmates of the capsized boats—and possibly to shots having taken effect on the ship the consequence of the shameless behavior of the crew.

As may be seen from the aforesaid, the esteemed Note of the 9th of this month proceeds in several points from incorrect conclusions. The information communicated to the United States Government, that the steamer was at once fired on with ball (solid shot toward the steamship) is incorrect. It is untrue that the submarine "overhauled" sentiments of distinguished consideration.

began to put out boats. At a distance | the steamer during the pursuit. It is: untrue that the passengers were allowed only "a brief period," in which to take to the boats on the contrary, the "Ancona" was granted much longer than is usual for the transhipment of her passengers. Finally it is untrue that a "number of shells" were fired at the steamer after she had stopped.

The foregoing indicates further that the submarine Commander allowed the steamer 45 minutes, that is, more than sufficient time to enable everyone aboard of the vessel to take to the boats. When he saw that the people were not proceeding with the work of rescue, he launched a torpedo in such a manner that the ship should remain as long aspracticable above water, this with the idea of enabling the remaining boats to be launched. This purpose would have been achieved, since the steamer remained. a further 45 minutes above water, had not the crew of the "Ancona" in violation of their duty, abandoned the passengers. to their fate.

With all respect to the procedure of the Commander regarding the rescue of the crew and passengers, the Imperial and Royal Admiralty nevertheless came to the conclusion that he had neglected to take into sufficient account the condition of panic which prevailed and so greatly. hindered the launching of the boats. of the Imperial and Royal Navy should never refuse help in case of need, even to the enemy, and on a charge of exceeding his instructions, the officer was punished according to the measures provided for this end.

The Imperial and Royal Government, under these circumstances, does not hesitate to allow the necessary conclusion that the American citizens who were injuriously affected by the sinking of the prize are entitled to indemnification. In this respect however it must make the following observations.

The inquiry into the sinking of the "Ancona" is of course unable to establish any basis for determining the measure in which American citizens are entitled to claim damages. For the damage which ensued owing to the unquestionably justifiable commander of the submarine doubted firing upon the escaping ship, the Imwhether she would sink at all; not till perial and Royal Government, in agree-1.20 p. m. did she sink, head on, after ment with the views of the Washington Cabinet, can not be held responsible. Just as little can it be held to account for the damage which ensued before the firing of the torpedo in consequence of faulty launching, or the capsizing of boats already launched.

The Imperial and Royal Government cannot but think that the Washington Cabinet is prepared and in a position to furnish the information which is necessary and certainly not unreasonable in this respect. Should the United States Government however not be in possession of all the exact information with regard to the circumstances by which the American citizens were injuriously affected, the Imperial and Royal Government, having regard to the, humanly speaking, deeply regrettable occurrence, and led by the desire to convince the United States Government anew of the friendliness of its sentiments, is ready, and willing to pass over these gaps in the evidence, and to extend the damages to cover every injury the immediate cause of which cannot be ascertained.

Inasmuch as the Imperial and Royal Government believes it may regard the foregoing statement as having cleared up the case of the "Ancona", it declares as she fled. But the death of those at the same time that it is prepared at who sank with the steamer is above all | a later date to examine the whole question of the difficult points of international law which have been raised by submarine warfare.

The Undersigned has the honor to bespeak the kindness of his Excellency the Ambassador of the United States in bringing the foregoing to the knowledge of the United States Government, and at the same time makes use of this occasion to renew to his Excellency his