

## LATEST DEFEAT DAZES AUSTRIA

With Loss of Belgrade the Misfortunes of Dual Monarchy Seem to Reach High Tide.

## AUSTRIANS BELIEVED SERBS WERE BEATEN

Serbs Explain Lack of Ammunition Caused Them to Make Retrograde Movement.

London, Dec. 17.—With loss of Belgrade by the Austrians, forced to evacuate close on the heels of occupation, the dual monarchy's disasters have reached high tide. Austrian military authorities are dazed by the suddenness of the reverse. The Serbians, harried by the invaders and believed to be beaten, withdrew suddenly upon their heels and a fierce fighting the veteran Serbs drove them to the west and north back across the Serbian frontier.

Austria holds now only two towns in Serbian territory, Srebrenitz and Lovitza in the extreme northwestern corner of the little kingdom.

Cutting off part of the right wing of the Austrians, which had fled into Bosnia, the Montenegrin army has given substantial aid to the Serbians. Back in their capital, the Serbians explain that lack of ammunition caused the retrograde movement which deceived the Austrians into the belief that conquest of the included kingdom was almost complete.

The ammunition captured from the invaders replenished the Serbian supply and made possible the routing of Emperor Francis Joseph's army.

Retirement of the right wing, says the Austrian headquarters in Vienna, made the abandonment of Belgrade seem advisable. The withdrawal, it is believed, was made without a battle.

The French and British offensive movement has become general and is being pushed with strong forces. The movement is particularly energetic in Flanders, the Argonne, the Woivre and Alsace.

That the allies, who now have a superiority in numbers, as well as in artillery, have succeeded in making progress and have withstood vigorous counter attacks delivered by the Germans, appears to be certain.

Austrian troops again have crossed the Carpathians and, according to their account, are driving the Russian left back toward the river San. This Austrian army, assisted by German reinforcements, has undertaken the difficult task of forcing the Russian to withdraw from in front of Orzov and also of relieving Przemyel.

## GREEK NAVAL OFFICER UNDER DEATH SENTENCE

Court-martialed by Turks for Spying—Greek Minister Has Entered Protest.

## CRUISER TENNESSEE ARRIVES IN EGYPT

Alexandria, (By way of London.) Dec. 17.—The American cruiser Tennessee, which has been in the Eastern Mediterranean since the beginning of the war for the purpose of protecting American interests, arrived here today.

## IGNON OPEN

Chatham, Eng., Dec. 17.—The ignition into the death of the 800 men who were lost when the battleship USS Oregon was blown off Sheerness, near here yesterday. The admiral's report has already made its way into the hands of the British admiralty, which is now making a complete investigation of the circumstances surrounding the loss of the vessel, which sank in the English Channel.

## SCORES STATE BOOK-KEEPING

Legislative Auditing Committee Finds Fault With the Methods of the State Treasurer's Office.

## MONEY IS DEPOSITED IN TOO MANY BANKS

Lack of Business Methods Are Found in Manner of Disbursing Experiment Station Funds.

(By W. T. Bost.)

Raleigh, Dec. 17.—The legislative auditing committee which has gone through the various books of the state departments, makes recommendations as to future book-keeping that come with something of a startle. The treasurer's office gets kind, but strong criticism.

Governor Craig has just received this committee's report on the state treasurer's office. As an improvement upon the immemorial method of keeping these books, the committee recommends that the whole group of state aided institutions be audited by experts annually, that the three departments of state be audited yearly, that the state treasurer ask for interest on the money lent on deposit by the state and that the insurance commissioner comply with the 1905 law that requires payment of certain moneys to the treasurer before a certain date.

The committee finds a lack of business methods in the disbursement of the funds at the experiment station and an absence of itemized statements in the North Carolina A. & M. college expenditures. It calls for a change in this system of book-keeping.

## Much Similar Complaint

There has been a great deal of complaint by business men that the state's institutions are not conducted in a business-like way. The report of this committee gives color to that general charge that the buying and accounting at these schools is such as to give any manner of opportunity for careless and inaccurate work. The legislature will be asked to do something to correct this.

State Treasurer Lacy has deposited money all over the state. He has never admitted the advantage of such a system. The fact is, he thinks it lacks advantages. He has often said that he carries money in nearly 100 banks. Political enemies declare it good politics; business men think it bad business since it leaves the state without the advantage of such balance as will yield interest.

## Money on Hand

The auditing committee finds that the state had a balance of \$236,407.32 December 1, 1913, and received \$5,287,213.71, making a total of \$5,523,621.03. The disbursements for 1913 were \$5,256,688.75 and the balance for December 1, 1913, was \$266,932.28. The collections for 1913 were \$4,685,875.13. That made a total of \$5,011,757.41. The disbursements were \$4,852,347.18 and the balance December 1, 1914, was \$164,572.23.

The smaller balance for the current year and the smaller revenues are not touched upon in the report. But other matters are discussed. The state treasurer has recently explained the balance in the light of greater demands made.

## Not Satisfactory to Committee

While we spent considerable time and endeavored to check accurately all accounts and vouchers, we feel it our duty to state that our labors have not been entirely satisfactory to us," the report says.

"The business now handled by the three state departments audited is such that in our judgment expert accountants should be employed to audit annually each of said departments as no legislative committee, under existing conditions, can possibly be secured to perform the task with the thoroughness and accuracy that its importance to the state demands.

## Audit All State Institutions

"It is further our opinion that every institution receiving state aid should also be audited by the same experts and the detailed result be given the general assembly and the public.

"We find further that the fund turned over by the federal government to the state for the experimental station work is paid to the experimental station authorities and there are no vouchers in the treasurer's office showing how this money is disbursed or under whose direction and the authority the same is expended.

"We further find that the vouchers containing the expenditures for the agricultural department of the North Carolina Agricultural and Mechanical college do not contain itemized statements of the expenditures thereby to be made. We recommend that all vouchers from the above departments accompany the itemized statements showing the expenditures in detail.

## Treasurer Should Get Interest

"Our investigation warrants us in (Continued on Page 11.)

## 74 DEAD, 147 INJURED, UNOFFICIAL FIGURES

Exact Number of Casualties Caused to British Not Yet Obtainable.

## BRITAIN AROUSED AS NEVER BEFORE

Hope German Fleet May Return—Arrangements Are Made For The Coast Defense.

London, Dec. 17.—Crippling of the telegraph and telephone wires by the German bombardment yesterday of Scarborough, Hartlepool and Whitby, on the east coast of England, together with the British military precautions, have about made impossible, twenty-four hours after the raid, more than approximate estimates of the dead and wounded resulting from the attacks. According to unofficial statements, the total number of dead at Hartlepool was 55 dead and 115 wounded; and at Scarborough the number of dead was 17 and the wounded 30. Both official and unofficial statements place the number of dead at Whitby at two, and two wounded. Of the Hartlepool casualties, seven of the dead and 14 of the wounded were soldiers. The maximum number of wounded is placed at 150, not including slightly wounded civilians who banded their own hurts and left town.

Bristling with wrath and resentment at the attack on unfortified towns, the English people are astir as never before since the beginning of the war. Another raid by the German fleet is confidently expected, and the entire machinery of British defense is being put in motion. Eastern and southern emergency committees are at work on plans of defense while in London arrangements are being made for the organization of a guard of men too old to volunteer for the war. Although to the British mind the idea of a raid by the German fleet on London towns had been remote, yet yesterday's reality brought home to them the possibilities of danger such as nothing else could.

Arrangements are being made at Deal and Dover to expedite the removal of the civilian population in case of another attack, measures primarily to forestall panic and the congestion of traffic which might impede necessary military movements to meet the attack. Wireless messages conveyed to Berlin the news of the raid and this morning a wireless from Germany repeated details of the bombardment which were contained in British papers yesterday. There was nothing to add to the account of the action from German official sources.

Steaming at a high rate of speed and barring mishaps, the German fleet engaged in the raid should have reached their advance naval base at midnight, a trip of 15 hours out. Thirty hours from home on such a venture is a feat which even the English papers make no attempt to belittle. In treating of the affair they express the hope that the raid will be attempted again and again if necessary until the call shall have been paid one too often.

The towns attacked, it is reported, have assumed much of their normal aspect except in the bereaved homes and in the hospitals.

It is believed that the German vessels were aided in their venture by spies in England. That there was remarkable secrecy in the manner in which the raid was executed is shown by the fact that not a single vessel saw the ships prior to their appearance off the English coast.

The nearest parallel to yesterday's feat is found in the actions of John Paul Jones, the American naval commander, who was known as the "Terror of the English," who operated in 1779.

## Total Killed at Hartlepool 35.

London, Dec. 17.—The casualties at Hartlepool, resulting from the German naval raid early yesterday morning, according to an official statement made here today, total 35 killed and 115 wounded.

Unofficial reports received today place the number of killed at Scarborough at 13 and the wounded at 26; and at Whitby, two killed and two injured.

## British Bombard Turks

Athens, Dec. 17.—(By Way of London.)—A British squadron has bombarded the Turkish troops concentrated on the coast of the Gulf of Faros, which is an arm of the Aegean sea, north of the Dardanelles. Details of the bombardment are lacking.

## Potomac Poison Among English

London, Dec. 17.—One hundred and fifty serious cases of ptomaine

## CONDITIONS OF BRITISH SHELL BELGIAN TOWN

Reports to Federal Reserve Board and Advisory Council Indicate Short Term Money Is Cheap.

## RESERVES ARE ALSO REPORTED ABUNDANT

In Many Parts of Country the State Banks Are Ready to Enter New System, It Is Stated.

Washington, Dec. 17.—Excellent credit conditions in all sections of the country were reported to the federal reserve board at its first conference with the federal advisory council, which is composed of representatives of the boards of directors of each of the federal reserve banks. Reserves were reported to be abundant and short term money cheap.

The federal advisory council, which has one member for each federal reserve district, met for the first time and effected a permanent organization. J. P. Morgan is the member of the council representing the federal reserve bank of New York. He attended the meeting.

The council devoted considerable time to organization, electing J. B. Forgan, of Chicago, president; Levi L. Rue, of Philadelphia, vice president, and both, together with Mr. Morgan, Daniel G. Wing, of Boston, and W. E. Rowe, of Cincinnati, members of an executive committee. This committee will meet in a few days to consider questions affecting the federal reserve system, and recommendations as to whether improvements are deemed advisable will be made to the federal reserve board.

The council held two sessions with the board, discussing such subjects as time deposits, the use of acceptance and the admission of state banks into the system.

"At the joint meeting much of the time was spent in an interchange of views on the business conditions throughout the country," the federal reserve board said in a formal statement. "Each member of the council described the situation in his own district. Credit conditions were reported exceptionally good, reserves abundant and short term money cheap.

"It was stated that in many parts of the country state banks are ready and willing to seek admission to the system under proper conditions in substantial numbers. The meeting developed an unusual degree of enthusiasm over the prospect of the federal reserve system, particularly with reference to the clearing of checks when properly safeguarded and applied."

## BIG LINER DAMAGED BY EXPLOSION OF 2 MINES

Explosives Hurlled Together in Storm—Part of Railing Torn Away.

New York, Dec. 17.—The big Cunarder Transylvania, in yesterday from Liverpool with 364 passengers, had a narrow escape from destruction. Early on the day of December 5 during a storm two mines were hurled together and exploded about 25 feet from the steamer's bow.

Fragments of the metal from the mines shot across the liner's deck tearing away part of the rail. The explosion lifted the bow several feet out of the water.

The Transylvania left Liverpool December 5 and about 4 o'clock next morning a terrific explosion shook the vessel. The passengers rushed on deck and began to question the officials, who stated that the noise was a thunderclap. The passengers then saw the space which had been torn from the rail and one of them picked up a fragment of a mine.

## GENERAL HUGH SCOTT IS ORDERED TO NACO

Washington, Dec. 17.—Brigadier General Hugh L. Scott, chief of staff of the army, has been ordered by the war department to Naco, Ariz., to use his personal influence with the Mexican rebels to cease activities.

## Election Results

Madison, Wis., Dec. 16.—With the certifying of the election by the state canvassing board of Paul O. Huston, democratic candidate for United States senator Governor Francisco E. McGovern, republican, concedes Mr. Huston's election, according to a statement by A. C. Umbreit, attorney for Governor McGovern.

## HE WANTED TO PLEAD FIRST DEGREE MURDER

Lowe Daniels Tried for Triple Murder—Crime Recently Committed in Randolph.

Special to The Gazette-News.

Ashboro, Dec. 17.—The celebrated Lowe Daniels case was called for trial yesterday the first thing after dinner. It took till about 4 o'clock to get the jury. The regular jury, the entire venire of 75 special jurors and some 15 or 20 takersmen were passed upon before the jury of 12 men was complete.

Solicitor Hayden Clement at once arraigned the prisoner, who pleaded guilty of murder in the first degree. This plea was overruled by the court who told the prisoner that he could plead guilty, but not as to the degree. His attorneys finally entered a formal plea of not guilty.

The state at once began the examination of witnesses, about 10 of whom were called. They told substantially the same story to the effect that Daniels came home on Saturday evening and after feeding and watering his mule came in to his supper and appeared to be normal in all respects.

That evening while all were sitting around the fire he broke loose with his gun and killed three of those present. Lowe Daniels himself denied nothing. His little boy went on the stand and told a straight tale from first to last, neither sparing nor protecting his father or anybody else. The defense only offered one witness, who was finally withdrawn without giving an evidence, because of objection by the solicitor. Both sides closed before dinner and at the reassembling of court this afternoon the judge began his charge to the jury which was exhaustive and illuminating. The jury retired at 2:15.

## FRED LEMLEY MAY BE REINSTATED IN NAVY

Representative Stedman Asks for Special Rule for Considering Bill.

Special to The Gazette-News.

Washington, Dec. 17.—Representative Stedman appeared before the house rules committee yesterday and asked for a special rule for the consideration of the bill reinstating Fred H. Lemley of Winston-Salem as paymaster in the navy. The fifth district congressman believes he will win his case. Representative Poin North Carolina is the most influential member of the rules committee and will certainly give Major Stedman's appeal serious consideration.

Representative Gudge's automobile ran afoul of a street car as he was leaving the house office building last night and the automobile was damaged to the extent of \$50. Fortunately no one was injured.

Senator Simmons has appeared before the federal reserve board several times in an effort to have the rate of interest on loans reduced to less than 5 per cent. Mr. Simmons contends that if the reserve banks are going to charge 6 per cent for money the southern banker will not be any better off than he was under the old system.

Before these banks were inaugurated a banker could borrow money in New York anywhere from 3 to 5 per cent. If the member bank has to pay 6 per cent to the federal reserve bank he cannot loan to the smaller banks without either violating the law, which says money cannot be loaned at more than 5 per cent, or he must loan it at a loss.

The board ruled yesterday that for loans not exceeding 30 days the rate of interest would be only 5 per cent. This will give relief in a small way.

## MILLION DOLLAR LOSS IN POTTSVILLE, PENN.

Pottsville, Pa., Dec. 17.—Fire which broke out in the business section of this city this morning destroyed a wholesale block, doing damage estimated at about \$1,500,000.

## Take Holiday

London, Dec. 17.—The official press bureau and censor office have decided to take a holiday from 5 p. m. December 24 to 9 p. m. Christmas day, during which period no news will be passed for transmission.

## English Fleet Violently Bombed Coast Town, According to Report of French War Office.

Paris, Dec. 17.—The French official statement concerning the war operations is as follows:

## ALLIES APPEAR TO MAKE GRADUAL GAINS

"In Belgium the town of Westende northeast of Landachtzaydt, has been violently bombarded by the British fleet. The Belgian army has repulsed counter attacks at St. George and has occupied the farm on the left bank of the Yser.

"Our troops, who had already gathered ground in the direction of Alles Chilledeke, has also progressed, but not so perceptibly, in the direction of Saint Eloy.

"In the region of Arras, in the region of Aisne and in Champagne there have been artillery engagements which have resulted to our advantage at various points.

"In the Argonne there is nothing to report.

"In the Wovre district we have repulsed several attacks of the enemy in the forest of Montmare and we have retained the trenches which we captured December 13.

"In Alsace we have repulsed attacks to the west of Carnay.

"Serbia: King Peter, accompanied by the crown prince, entered Belgrade at the head of his troops on Tuesday, December 15. Between the Drina and the Sava in Serbia there is no Austro-Hungarian. Since the beginning of the war it is estimated that the Serbians have taken 60,000 prisoners.

## MILITIA OF HARTLEPOOL FACED FIRE SPLENDIDLY

They Manned the Trenches for Coast Defense When the Germans Arrived.

Hartlepool, Eng., Dec. 17.—The first men of Lord Kitchener's new army to come under fire were the local militia sent to man the defense trenches on the sea front when the German raiders approached. They were shelled by the enemy who had the range with such accuracy as to suggest the aid of spies.

The militia stood their baptism of fire splendidly. The officer commanding the militia had a very narrow escape from death. One of the shells struck the mound behind which the officer was standing, burying him and three men. All four were unhurt. The casualties in the trenches were seven killed and seven wounded.

## Relief Plans

Washington, Dec. 17.—Myron T. Herrick, former ambassador to France, took up with President Wilson yesterday his plan for establishing a clearing house for affording relief to European non-combatants. He told the president of his experiences in Paris and Mr. Wilson warmly commended him.

## Attack Probable

London, Dec. 17.—(6:05 p. m.)—The Newcastle Evening Chronicle, according to a dispatch reaching London yesterday, says there was a probability of a hostile attack on Tynemouth, in Northumberland at the mouth of the Tyne and about twenty-five miles north of Hartlepool.

## Lynch Negro

Hampton, S. C., Dec. 17.—Allen Seymour, a negro accused of having assaulted a young white woman, was removed from the county jail here yesterday by a mob and shot to death. The jailer was overpowered. No arrests have been made.

## Fleet Expected

Montevideo, Uruguay, Dec. 17.—It is announced that the British fleet which recently defeated the German warships off the Falkland Islands will arrive here Saturday. German survivors will not be landed.