

Relations of Germany and United States Brought to Crisis By Berlin Reply Which Refuses Assurances Asked By Washington

WILL NOT GUARANTEE LIVES OF AMERICANS ON BELLIGERENT SHIPS

Apparent Restrictions Placed
by Berlin on Use of Amer-
ican Passenger Ships,
Adds Fresh Issue

PRESIDENT'S COURSE
IS PROBLEMATIC

Berlin Agrees to Respect Lives
of Americans on Ameri-
can and Neutral
Ships—Conditions

Washington, July 10.—Outward calm and the disposition to await the return of President Wilson from Cornwall, N. H., prevailed in official circles following the publication of the German reply to the second American note on submarine warfare. Secretary Lansing said that while he had no reason to doubt the version of the reply transmitted in news dispatches, no formal consideration could be given the German note until the official text of the note, which had been delivered to Ambassador Gerard in Berlin, had been received. It will probably be received late tonight.

Secretary Tumulty communicated with President Wilson over the time of the latter's return to Washington and promised to make an announcement later in the day.

Officials generally agreed that the German reply is far from satisfactory and that the United States faces another difficult situation in her relations with Germany.

It was pointed out that the two governments are practically at a deadlock over the law of the case, neither apparently being willing to concede from its position. The situation some officials thought, had resolved itself into a question of policy on which the decision rests with the president.

Opinion varied as to the president's probable course but it is believed likely that he will again await the crystallization of public sentiment of the country and endeavor in his next move to interpret the wishes of the American people. The whole matter is in the opinion of many officials seemed to hinge on whether Germany again violates the rights for which the United States is contending.

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Thaw Testifies While Watched by Alienists

New York, July 10.—Yesterday was a second day of Harry K. Thaw's testimony as a witness for the state in the hearing to determine his sanity. Thursday Thaw repeated the story which he said Evelyn Nesbit Thaw, his wife, told him, which led to the shooting of Stanford White, and denied the story told by Mrs. Susan Merrill regarding his alleged eccentric behavior at her home in New York.

While he was testifying Thaw was constantly under the observation of the state's two alienists, who may be the next witnesses.
Mr. Cook began his cross-examination by asking Thaw if he thought himself to have been insane at the time he killed White.

quarters for several days that Germany would refuse to give assurances asked by the United States that the lives of Americans traveling the high seas on unarmed ships of any nationality be not endangered.

The apparent restrictions placed by Germany on the use of American passenger ships which it seems are to be given complete immunity from interference only if they do not carry contraband was regarded in many quarters as adding another to many issues which have arisen over submarine warfare.

Assumption of liability for the loss of Americans in the Lusitania tragedy was considered to have been wholly evaded by Germany and the chief principle for which the United States stated that it would omit "no word or act" to see observed, was viewed as having been lightly passed over.

Berlin, July 9.—(Via London, July 10.)—Germany's reply to the American note regarding the sinking of the Lusitania and submarine warfare, is as follows:
"The undersigned has the honor to make the following reply to his excellency, Ambassador Gerard, to the note of the 19th, ultimo, relative to interference with American interest by the German submarine warfare."

"The imperial government learned with satisfaction from the note how earnestly the government of the United States is concerned in seeing the principles of humanity realized in the present war. Also this appeal finds ready echo in Germany and the imperial government is quite willing to permit its statements and decisions in the present case to be governed by the principles of humanity just as it has done always."

"The imperial government welcomed with gratitude when the American government, in the note of May 15, itself recalled that Germany always had permitted itself to be governed by the principles of progress and humanity in dealing with the law of maritime war."

"Since the time when Frederick the Great negotiated with John Adams, Benjamin Franklin and Thomas Jefferson, the treaty of friendship and commerce, of September 3, 1785, between Prussia and the Republic of the West German and American statesmen have, in fact, always stood together in the struggle for the freedom of the seas and for the protection of peaceful trade. In the international proceedings which since have been conducted for the regulation of the laws of maritime war, Germany and America have jointly advocated progressive principles, especially the abolition of the right of capture at sea and the protection of the interests of neutrals."

"Even at the beginning of the present war the German government immediately declared its willingness, in response to proposals of the American government, to ratify the declaration of London and thereby subject itself in the use of its naval forces to all the restrictions provided there, in favor of neutrals. Germany likewise has been always tenacious of the principle that war should be conducted against the armed and organized forces of an enemy country, but that the enemy civilian population must be spared as far as possible from the measures of war. The imperial government cherishes the definite hope that some way will be found when peace is concluded, or perhaps earlier, to regulate the law of maritime war in a manner guaranteeing the freedom of the seas, and will welcome it with gratitude and satisfaction if it can work hand in

"That," replied the witness, "is a question that cannot be answered with one word. The quest on came up and the jury gave me the benefit of the doubt. In effect, they evidently believed that there might be a chance that my reason was not what it should be."
In reply to further questioning Thaw gave correctly the date of the murder. He did not remember all he did during that day but he did remember that he visited a number of steamship offices and that he had carried a revolver since that morning.
He said he had been informed that "Mook" Eastman, a New York gang leader, was after him. He did not believe the report.

hand with the American government on that occasion.
"If in the present war the principles which should be the ideal of the future have been traversed more and more, the longer its duration, the German government has no guilt therein. It is known to the American government how Germany's adversaries, by completely paralyzing peaceable traffic between Germany and neutral countries, have aimed from the very beginning and with increasing lack of consideration at the destruction, not so much of the armed forces as the life of the German nation, repudiating in doing so all the rules of international law and disregarding all rights of neutrals."

"On November 3, 1914, England declared the North sea a war area, and by planting poorly anchored mines and by the stoppage and capture of vessels made passage extremely dangerous and difficult for neutral shipping, so actually blockading neutral coasts and ports contrary to all international law. Long before the beginning of submarine war England practically completely intercepted legitimate neutral navigation to Germany also. Thus Germany was driven to a submarine war on trade. On November 14, 1914, the English premier declared in the house of commons that it was one of England's principal tasks to prevent food for the German population from reaching Germany via neutral ports. Since March 1, England has been taking from neutral ships without further formality all merchandise proceeding to Germany, as well as all merchandise coming from Germany, even when neutral property. Just as it was also with the Boers, the German people are now to be given the choice of perishing from starvation with its women and children or of relinquishing its independence."

Enemies Without Mercy.
"While our enemies loudly and openly proclaimed war without mercy until our utter destruction, we were conducting a war in self-defense for our national existence and for the sake of peace of an assured permanency. We have been obliged to adopt a submarine warfare to meet the declared intentions of our enemies and the methods of warfare adopted by them in contravention of international law."

"With all its efforts in principle to protect neutral life and property from damage as much as possible, the German government recognized unreservedly in its memorandum of February that the interests of neutrals might suffer from the submarine warfare. However, the American government will also understand and appreciate that in the fight for existence which has been forced upon Germany by its adversaries and announced by them, it is the sacred duty of the imperial government to do all within its power to protect and save the lives of German subjects. If the imperial government, was derelict in these its duties, it would be guilty before God and history of the violation of those principles of highest humanity which are the foundation of every national existence."

Lusitania Case.
"The case of the Lusitania shows with horrible clearness to what jeopardizing of human lives the manner of conducting war employed by our adversaries leads. In the most direct contradiction of international law, all distinctions between merchantmen and war vessels have been obliterated by the order to British merchantmen to sink themselves and to ram submarines, and the promise of rewards therefor, and neutrals who are now chartered as transients thereby have

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OPTIMISM IN LONDON AGAIN

Entente Allies Cheered by Important Victory of General Botha and Russia's New Stand

RUSSIANS PREVENTING
ATTACK ON ALLIES

London Papers Differ in Construction Placed on Kitchener's Speech on Recruiting Question

London, July 10.—The feeling of optimism which had been absent in London for some time is again manifesting itself here. General Botha's victory in German Southwest Africa, which at one stroke robbed Germany of territory larger than the central empire, is chiefly responsible for the hopeful feelings.

The size of the captured territory is enormously disproportionate to the defensive forces, which consisted of 204 officers and 3,166 men, among them reservists and police.

The cheerfulness of the entente allies is also influenced by the stand which the Russians are making near Lubin in South Poland and along the Zlota Lipa river in Galicia. It is believed in London that the stubborn Russian resistance is doing much to postpone the dreaded German offensive in the west.

Only a fragmentary summary of the German reply to the United States so far has been made public here, but for several days the British press had been predicting that the Berlin reply to the second American note would be unsatisfactory.

Newspapers comment at length on the speech of Earl Kitchener at Guildhall yesterday. One section of the press regards it as a direct warning of the possibility of forced military service, while other papers profess to see in it a reaffirmation of the efficacy of the volunteer system.

London, July 9.—The surrender of the entire German force in German Southwest Africa closed what is regarded as one of the most important campaigns of the great war and will result in the release for service elsewhere of the South African contingent.

The campaign against this most important German colony was considered so vital that all the resources of the South African union were used in it. Its successful conclusion will probably mean, despite the fact that German East Africa remains unconquered, that the British colonial contingent will be despatched to France, while additional troops will continue the campaign in East Africa.

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ANDREWS WILL SEND MANY TO ROAD MEET

Delegation Will Boost Asheville-Atlanta Highway. To Come by Train

Andrews, July 10.—A special meeting of the board of trade was held Wednesday night for the purpose of appointing delegates to attend the good roads meeting in Asheville, July 14, 15 and 16.

Several enthusiastic good road speeches were made and much enthusiasm was shown in the Asheville-Atlanta highway.
After some discussion it was decided to go to Asheville on the train instead of through the country in cars as suggested by the Murphy board of trade.

All were in favor of going across country in cars, but owing to the condition of the road between Asheville and here it was decided in order to get to the meeting, it was best to go on the train.

The following were appointed as delegates: B. L. Padgett, R. H. Wright, D. S. Russell, C. M. Slagle, Dr. W. C. Morrow, H. M. Whitaker, Clyde H. Jarrett and Percy B. Ferabee.

A committee was appointed to get as many as possible to attend the meeting and to arrange for special railroad rates.
The Andrews delegates are going to attend the meeting for the express purpose of boosting the Asheville-Atlanta highway and to show the people of the state that they are anxious to get the road, of course the delegates will not neglect to boost Andrews for that is now getting to be a sort of second nature.

AMERICAN IN BRITISH ARMY NOW WANTS OUT

Steve Tessier of Franklin, N. C., Trying to Get Out of Army

Washington, July 10.—Officials of the state department have taken steps to secure the release from the British army of Steve B. Tessier, a brother of F. M. Tessier of Franklin, N. C.

Steve Tessier is not yet 19 years of age. Some time ago he went to England on a cattle ship with several other Americans. After arrival he appears to have engaged in a convivial bout with his comrades. After the mist cleared away Tessier found he had been enlisted in the British army and was being drilled for the front.

He communicated with his people and the Director of the Census Bureau has taken the matter up with the state department.
Many young Americans have been inveigled into enlisting in the British army heretofore. The policy of the British government has been to release them under proper request. It is quite probable that young Tessier will be released.

RALEIGH MISER FOUND DEAD; ROBBERY SUSPECTED

Raleigh, July 9.—With a bullet hole through his body, Charles Abt, a miser believed to have been worth between \$15,000 and \$20,000 and with a little less than \$5,000 in Raleigh banks, was found dead in his room by police. Robbery was indicated.
People living near him detected the odor of the partly decomposed body Thursday afternoon, but could not locate it; but today it was found to come from the home of Abt.

HUGHES REFUSES WRIT.

Rangely, Mo., July 10.—Justice Charles Hughes has refused the application for a writ or error to the United States Supreme court which was asked by counsel for Charles Becker of New York, sentenced to die during the week of July 12 for the murder of Herman Rosenthal.

OSBORN'S DRAG NET THREATENS OTHER N.C. MEN

JEWELERS OF STATE
TO MEET IN DURHAM

Charles E. Henderson of Asheville on Program for Address—Good Program

The North Carolina Retail Jewelers' association will meet in Durham on Monday, Tuesday and Wednesday of next week for the tenth annual convention of the association. The convention will be called to order at 9:30 o'clock Tuesday morning in the Temple building by F. M. Jolly of Raleigh, president of the association. The opening of the convention will be preceded with a meeting of the executive committee at 8:30 o'clock on Monday evening, which will be held at the Malbourm hotel.

The program, which was given out for publication yesterday, is very interesting and contains a number of features that will appeal to the jewelers. One of the most interesting events that has been planned is a lecture and demonstration on "Wireless Time Service," by R. L. Bowman of Wadesboro. In order to give this demonstration a wireless apparatus will be placed on the Trust building and during the convention a time service will be established between this city and the large government wireless station at Arlington, Va.
The program that has been arranged follows:

Monday, July 12.
Meeting of executive committee at Hotel Malbourm.

Tuesday, July 13.
Meeting called to order by President Jolly at Hotel Malbourm.
Invocation—Rev. S. S. Bost.
Address of welcome—Mayor B. S. Skinner.

Response—R. C. Bernau of Greensboro.

Address—R. O. Everett of Durham.
Response—Charles E. Henderson of Asheville.

Registering of new members.
Reading of minutes.
President's annual address.
Report of secretary and treasurer.
Appointment of committee on president's address, auditing committee and nominating committee.

Address—Charles F. Markham, vice president of National Retail Jewelers' association.

Address—Col. John Sheppard.
8:30 p. m.—Exhibit of wholesalers and manufacturers.

Wednesday, July 14.
Address—R. C. Bernau of Greensboro.
Demonstration and lecture—"Wireless Time Service," R. L. Bowman.
Address—E. E. Miscellany.
Demonstration of Jolly's specific gravity balance—B. R. Jolly.
Report of committees.
Selection of time and place for next meeting and adjournment to participate in barbecue at Lakewood park.

SERVICE A FEATURE OF NEW GARAGE COMPANY

Expert Mechanic Employed by Asheville Garage Co.—Is Open Day and Night

One of the many new features recently introduced by the Asheville Garage company, 87-71 Broadway, is the employment of an expert mechanic. This man's experience in the motor car business has passed over a period of several years, he having been connected with the Packard Motor Car company of Philadelphia and later in charge of the mechanical department of Philadelphia's largest garage.
With its splendid machine equipment the Asheville Garage company is in a position to give real service. The garage, itself, as a further convenience, will remain open night and day, telephons call bringing a service man to a motorist on the road when in trouble at any time during the night.

And at Least One More Tax Heel Will Be Involved in Big Whiskey Frauds Against U. S.

REVENUE AUTHORITIES KEEPING LOOK OUT

The First Intimation Distillers Were Avoiding Tax Payment Given Commission by Prominent Man

(Parker R. Anderson.)
Washington, D. C., July 10.—At least one other North Carolinian will be involved in the gigantic whiskey frauds which have been successfully worked on the federal government for the last 20 years and for which John L. Casper, formerly in the whiskey business at Winston-Salem and Thomas C. McCoy of Asheville, said to have been his partner in his whiskey houses in Arkansas and Kansas, have been arrested and indicted at Fort Smith, Ark., for an alleged conspiracy to defraud the government. Caspar is out on \$40,000 bail and McCoy was allowed his liberty after giving bond to the amount of \$25,000.
That other North Carolinians are under suspicion and may be taken into custody by United States Marshal Webb at Asheville was the statement made here today by a high federal official. Just who these men are and how they have become involved in the government's drag-net to wipe out whiskey frauds, revenue officers refuse to discuss.

The conspiracy to defraud the United States government by distillers and their hired employes and "secret service" men extends from Virginia to Florida, throughout Tennessee and Arkansas and includes part of Missouri and Kansas. The drastic action taken by Commissioner of Internal Revenue Osborn led to the arrest of a half dozen or more men charged with conspiracy and many more arrests are to follow.

N. C. Man Told Osborn.
The first intimation that Commissioner Osborn had that whiskey people were avoiding the payment of proper revenue tax on spirituous liquors was given him three months ago by a prominent North Carolinian. In less than three months it takes to tell the story, Colonel Osborn had a force of his most trusted men on the trail of the alleged violators of the law.

He found that the distillery operated by Casper and his associates at Fort Smith, Ark., was running night and day although Casper had notified the internal revenue agents that his plant had been closed and that no liquor would be distilled for a period of three months. The commissioner seized the Fort Smith distillery and at the same time took charge of Caspar's small other whiskey house at Kansas City. This place was doing a cash business of over \$1000 a day. The government agent also seized more than 1000 barrels of whiskey at Fort Smith which had not been stamped by the government agents.

Frauds 20 Years Old.
The frauds now being investigated by the revenue officials started nearly twenty years ago. Many former revenue agents and their deputies have already been arrested and more are to follow, according to revenue officers here. T. C. McCoy was in the internal revenue service for some time. He was associated with both former Revenue Agents Patterson and Baird. He became interested in the Caspar whiskey properties. It is alleged, immediately after he left the government service.

Revenue Agent Booth of Tennessee, who has already been arrested and indicted, is said to have given the grand jury information which will cause the arrest of many men at present employed by the federal government as well as the former employees. It is charged, with (Continued on Page Two).

THE WEATHER PARTLY CLOUDY