

CONFERENCE TO DISPOSE OF THE LUSITANIA CASE

Count Von Bernstorff Presents Latest German Revision of Agreement to Secretary of State.

ONE MINOR CHANGE IN U. S. SUGGESTION

Germany Understood to Have Accepted Proposals of U. S. in Regard to Change in Wording of Note.

Washington, Feb. 16.—Count von Bernstorff, the German ambassador today presented to Secretary of State Lansing the latest draft of the Lusitania agreement, embodying the changes in wording suggested by the American government and also one change suggested by the Berlin government.

The indications are that the agreement in its present form will probably be acceptable to the United States.

Germany is understood to have agreed to the suggestion of the United States that she substitute the words "recognizes liability" for the words "assumes liability" in the tentative draft of the communication designed to settle the Lusitania case. The revised draft was received here late last night from Berlin.

Several other changes desired by the United States and described as being of minor importance also are said to have been made. In one instance, however, Germany is understood to have proposed a change in the language suggested by the American government.

From high diplomatic authority came the statement that it was expected the Lusitania case would be finally settled to the satisfaction of the United States and Germany at the conference today between Secretary Lansing and Count von Bernstorff.

American officials already have said the two governments were "substantially in accord." The ambassador is understood to be prepared to make the tentative communication a formal note setting forth the instructions which have been given him by the Berlin foreign office.

It was also stated that the one modification made in Berlin was not material and that German officials here did not consider that the state department would object to the change.

Teutonic officials seemed most confident that in agreeing to the American request to substitute the word "recognizes" for the word "assumes" preceding the mention of liability of Germany to make reparation for injury to neutrals, the Berlin foreign office has removed all cause of possible difficulty.

HOMER HAS DATE TO ASK CLEMENCY FOR GEORGE

Governor Talks Not Unkindly of Militant Records of the Cathey Brothers.

Raleigh, Feb. 16.—Homer Cathey, of Asheville, made a date with Governor Craig yesterday seeking executive clemency for his brother George Cathey, now under sentence of 25 months for retailing in Buncombe.

The Cathey case was a notable one. Nobody is liked better than this dashing democrat from the west, and Homer Cathey has lots of friends. Governor Craig talking about their militant record said: "You have probably heard that they sometimes fight. They always fight with their fists and they always whip the fellow with their fists even when he uses weapons."

George Cathey made a noble effort to spare Homer the humiliation of coming down to seek a pardon. George has not served any time and a few weeks ago the governor's office requisitioned Pennsylvania's governor for George Cathey.

Governor Craig has not taken any step as to the final disposition of George Cathey's case. It is taken as a matter of course that the sentence must soon go into effect.

TURKS LOSE NINE FORTS AT ERZERUM

Russians Gain Important Successes in Caucasus Campaign—Germans Have Won Considerable Ground in West, After Having Shifted Attack From French Lines to British Front in the Ypres District.

While France and Flanders are the fields of military activity that just now are commanding chief attention, the operations of the Russians in the Caucasus theater are deserving of notable points of interest. New developments have come, Petrograd announces, with the capture of nine of the forts of the Turkish stronghold of Erzerum.

Latest last month the Turks were driven back to the Erzerum defenses and it has been reported that 80,000 people were locked up in the city with not more than two weeks' supply of provisions. Reinforcements, however, were said to be on the way to relieve the Turkish forces.

Military critics linked the operations of the Russians in the Caucasus campaign and that in Persia with the British undertakings in Mesopotamia, pointing to a possible convergence of the allied forces. The British armies in Mesopotamia apparently are making little progress.

Not much attention was paid to the Caucasus theater for many months, the forces there being small. With the appointment of Grand Duke Nicholas as commander-in-chief of the Russian Caucasus armies, however, it was hinted that important developments might be looked for.

Switching their offensive from the Artois and Champagne regions in France to the Belgian sector around Ypres held by the British, the Germans have smashed their way by an artillery bombardment and infantry attacks into a British front line trench over a distance of between 600 and 800 yards. Berlin gives the distance as 800 yards.

In the Artois region between Lens and Bethune, the crater of a mine blown up by the Germans was occupied by them, while the French guns have been busy shelling German organizations in the neighborhood of the road to Lille. The French also have bombarded German positions north of Vie Sur Aisne and to the northeast of Soissons and in the Argonne exploded a mine and occupied the crater.

In the Champagne, Berlin asserts, French infantry attempts to regain lost positions north of Tahure were repulsed, as likewise was a similar attack in the Vosges near Ober-Sent. There has been a considerable renewal of activity on the Russian front around Dvinsk, to the south of the Pripiet river and along the upper and middle Stripa river but no important changes have occurred.

The Italians are still using their guns and infantry in attempts to retake from the Austro-Hungarians the positions recently captured on Monte Rombon, but all attempts have been repulsed with heavy losses, according to Vienna. Both sides of the Sierr, occupied by the Austrians and positions in the Seebach valley and on the Austrian front between the Fella valley and Vish mountain, also have been heavily bombarded by the Italians.

The Russians are still on the offensive against the Turks in the Caucasus region, but Constantinople reports their attacks have been halted by counter attacks. In Mesopotamia the situation around Kut El Amara and Pahlah, where the British are operating against the Turks, is unchanged.

At the re-opening of the British parliament, both Premier Asquith and Secretary for War Kitchener made speeches in which they reviewed the situation and expressed confidence in ultimate victory for the entente allies.

several cotton mills, one at Pelzer, S. C. He said that the children greatly prefer working in the mills to going to school and in the absence of a compulsory school law the company was inducing the children to attend school by the payment of ten cents premium per month to each child who had a perfect attendance.

Captain Smythe said that in his mills there were 81 boys and 58 girls between the ages of 14 and 16 years and 69 boys and 49 girls from 12 to 14 years of age. They work 11 hours a day four days in the week, 10 hours one day and 6 hours on Saturday—60 hours a week.

He stated that the average wage per day of the persons employed in his mills was \$1.31; and he estimated that the children were paid on the average of 11 per day.

election to be held within 40 days. All male voters over 21 years of age would be eligible to vote. The commissioners would appoint three managers, two clerks, and one returning officer for each precinct or voting place.

They would be equally divided between those who favor and those who oppose prohibiting the manufacture and sale of liquor.

Public canvases of the voters by the commissioners would be required within five days after the election. If prohibition carried, the commissioners would be required to put it into force in 30 days.

One of the sections of the bill is intended to guard against fraud or corruption on the part of any manager, clerk, section official, or voter. It fixes the punishment for such fraud at a fine of not over \$1,000 or imprisonment for more than one year or both.

It is the understanding that senators who are prepared to oppose the Sheppard bill and who are for the referendum will unite in support of the Underwood proposition.

London, Feb. 16.—The consideration of the question of treatment of neutral shipping raised by the American note to Great Britain has reached an advanced stage with the prospect of important modifications designed to benefit the status of the neutral shipper and which it is believed will be satisfactory to those who have made the chief complaints. It was learned today by the Associated Press.

CAN'T APPROVE TEUTON NOTES

It Is Said State Department Must Concede Allies Are Within Rights in Arming Merchantmen.

NOTES ALONG LINE OF U. S. SUGGESTION

Various High Officials Convinced That Position of German and Austrian Government Is Justified.

Washington, Feb. 16.—The United States, it was said by high authority at the state department today, concedes that the entente allies are within their rights under prevailing international law in arming merchant ships for defensive purposes, no matter what conditions exist on the seas. Consequently it is admitted that should the allies decline to adopt the American suggestion to disarm merchantmen, founded primarily upon a desire to save the lives of innocent non-combatants, this government can not announce its approval of the intentions of Teutonic powers to torpedo without warning after February 23 all armed vessels, although various high officials are convinced that the position of Germany and Austria is justified.

State department officials now are engaged in trying to determine just what will happen when the commanders of German and Austrian submarines begin to put their new instructions into effect. It is said, too, that the United States in the near future, may make some inquiries as to how the central powers intend to determine whether merchantmen encountered by their submarines are armed.

In response to inquiries regarding this aspect it was said by high Teutonic authority that the German and Austrian governments would under no consideration disregard the assurances which have been given to the United States in regard to the conduct of submarine warfare. Attention was called particularly to the fact that the German government had assured the United States that liners would not be attacked without being warned. These assurances, it was said had not been and would not be repudiated, and for that reason liners in service between the United States and western Europe would not be attacked without warning, even if they have received orders to arm.

Teutonic officials were inclined to believe that such an issue would not arise as Great Britain has agreed that its ships entering American waters will not be armed. In both diplomatic and official circles doubt even was expressed that the new policy would in the slightest way affect conditions in the Atlantic although it was admitted that should the Italian government persist in arming its merchantmen difficulty might arise in the Mediterranean.

State department officials recognize that the action of the German and Austrian governments is a development of the recent American suggestion. The department, however, does not feel obligated to take any action in regard to the broad questions involved at least until it has received replies to its own memorandum to the entente allies regarding the disarmament of merchantmen.

The state department repeatedly has allowed it to become known that it had no intention of changing the law in the subject of arming merchant ships on its own account and that such a move could be made only with the consent of all the powers affected. By the United States in consideration of the changed conditions of naval warfare, can amend its instructions to the port authorities. It might, it was suggested, revise its instructions so as to permit merchant ships to clear with guns of a calibre useful solely for defensive purposes and yet not large enough to be effective against submarines at a distance from which warning safely could be given.

Under the existing regulations merchant ships may carry guns mounted on the stern of a calibre up to six inches. It was suggested that the rules might be so amended as to reduce the calibre to, for instance, two inches.

The entire matter, as the state department now views it, turns about the question of what constitutes defensive armament. It is admitted that the line between defensive power ceases and offensive power begins is difficult to draw and authorities on international law in the department say the question is one which surely would have to be considered by international conference at the conclusion of the war.

The many friends of Mrs. Joseph D. Pool will be glad to know that she returned yesterday from the Meriwether hospital to her home, 87 Kilbuck street.

TWO STEAMSHIPS AND PIER BURNED

Incendiarism Suspected in Fire Which Destroyed Steamers Bolton Castle and Pacific and 900-Foot Pier, Because of Munition Cargoes—Other Damage—Most Disastrous Fire on the Brooklyn Front in Years—Loss Estimated at More Than \$1,000,000.

New York, Feb. 16.—The steamships Bolton Castle and Pacific and a 900-foot pier belonging to the New York Dock company at the foot of the Pioneer street, Brooklyn, were destroyed early today by the most disastrous fire on the Brooklyn front in many years. Another steamer, the Palladia, was damaged and about 25 scows and lighters were partly or wholly burned.

The loss is estimated at considerably more than \$1,000,000. The origin of the fire is unknown, but suspicion of incendiarism was aroused because of the fact that some of the steamers were being loaded with munitions of war, some of which was intended for shipment to the Russian government, and to be delivered at Vladivostok.

The watchman aboard the Bolton Castle discovered that buildings on the pier were ablaze soon after 1 o'clock this morning. The flames spread so rapidly that the officers and crews of the steamers and lighters lying at the pier, after vain efforts to prevent the spread of the fire to their vessels, either were compelled to leap overboard or to seek safety aboard other tugs and lighters which came to the rescue.

When the first company of firemen reached the scene, the pier was blazing so fiercely that they could not gain access to it. The Palladia was towed out into the stream 200 yards or more off the dock, but it was impossible to remove the other two vessels.

The fire boats saved the Palladia but could make no progress against the flames on the other two steamers. The Bolton Castle was loading with gasoline for Russia and this fed the fire. The boilers of both the Bolton Castle and the Pacific blew up while the flames were at their height completing the work of destruction.

Several barges loaded with gasoline lying near the steamer were destroyed. Bolton Castle, a British vessel of 3,689 tons register, arrived here February 6, from Singapore. The Pacific of 2,612 tons arrived from Hull yesterday.

regards the reports as a continuation of the fire against Consul Canada which has been made for months by Carranza officials who charge that Mr. Canada is antagonistic to the Carranza government.

Recently the consul was at home on leave of absence but the state department, after investigating the various statements about his conduct sent him back to his post at Vera Cruz.

Mexicans Allege Plot To Blow Up Battleship

Carranza Officials Inform United States That Consul Canada Is Involved in Plans to Blow Up the Kentucky, Thereby Forcing Intervention—State Department Asks Proof.

Committee Alters Land Banks Bill In Congress

Washington, Feb. 16.—The administration bill to establish a system of land banks, drafted by a joint congressional committee, has been favorably reported to the senate but with radical alterations by the banking and currency committee. The joint proposal for a board of five commissioners to control the system was discarded by the committee in favor of control by a treasury department bureau, under the general supervision of the federal farm loan board, the latter to consist of the secretary of

RESCUE PARTY SEEKING SMALL TANK STEAMER

Velma Brooks in Recent 60-Mile Gale Is Overdue—Crew of Two Men.

FLORIDA IS VISITED BY A KILLING FROST

Tampa, Feb. 15.—Killing frost in northern and central Florida last night is reported. At Jacksonville and Gainesville the thermometer was 25 degrees above zero. In the southern section of the state, where the orange trees are in bloom the mercury was 33 degrees above zero and no damage is reported.

BIG INHERITANCE TAX PAID STATE

As Result of Supreme Court Decision State Gets Check For \$12,038 Mostly From Tucker Estate.

DECISION GREATLY INCREASES REVENUE

Heretofore Many Counties Had Contributed Nothing in Inheritance Taxes—Other State Laws.

Raleigh, Feb. 16.—State Treasurer Lacy has received from Millard Mial, clerk of the Wake county court, a check for \$12,038.88 as the inheritance tax contributed by Wake county.

This big gain in the county is the result of a suit of the corporation commission last year to determine the status of real estate in the inheritance tax act which had been in dispute. Attorney General Bickett's construction of the act left the taxableness of such property in dispute, the act appearing to have had such verbiage as to becloud its meaning and it was open to either view. Solicitor Norris on relation of the state brought the suit to determine the standing of the Tucker estate in Raleigh and in the lower court the heirs won. On appeal the supreme court reversed the lower and established clearly the duty of the state to tax realty.

It was then estimated that this would bring to the treasurer at least \$10,000. Prior to that hearing the whole state had hardly collected so much. The exact figures were not available but plenty of the counties have been contributing nothing in inheritance taxes. The court's opinion has caused a considerable stream of revenue to flow into the state but very few counties have paid their taxes complete and no guess as to the amount could indicate anything near the inheritance expectancy.

The Tucker estate pays about \$7,000 of the \$12,000 turned over by the clerk. The Roney heirs also pay a considerable amount, three estates which were turned over Monday.

Holds Judge Cooke's Court. Judge Thomas J. Shaw has been designated to hold Nash county court for Judge Charles M. Cooke, whose continued illness has made impossible his performance of the court duties.

Judge Shaw goes to Nash county February 23 to begin his assignment. In the office of the secretary of state the Chapel Hill Hardware company was given a charter to do a \$15,000 business with \$5,000 paid in by C. L. Willis, H. C. Willis and C. H. Willis. Adjutant General Young has issued commissions to Daniel B. Byrd, company F, as first lieutenant, and to Randolph D. Florence, second lieutenant. Edward H. Holmes of Wilmington, was made second lieutenant of the Second company of the Coast Artillery, Wilmington.

No Political Row. Harmony seekers among the reunited republicans-progressives are unable to find the inspiration of the anti-Duncan publications who declare that the opposition to the national committee-man won in the recent pre-convention primaries.

"There is no contest among Duncan or anti-Duncan men," F. E. Heister, secretary of the recent republican-progressive meeting, and anti-Duncan man in former contests, said. "We have been getting along smoothly and expect to continue to do it. I don't expect any division and have not been conscious of any contest between the old factions. I had none in mind when I went into the primary and do not believe the majority of people who participated did. I realize that many democrats are pleased to think that we are fighting but I do not think so."

Some of Mr. Duncan's long time enemies have been working the anti-Duncan demonstration to a finish and it is known that they started out to capture a county delegation opposed to the national committee-man. They thought they had done so but it is disputed by their former fellows in fighting.

Hester May Be Chairman. Eugene Heister is being urged by many to lead the party this year. Mr. Heister said, "but I have not been a candidate. Only upon condition that we are to get together and stand together would I consider it. A fight among ourselves would be useless and I do not wish to participate in another. I would accept the chairmanship if

premier's speech to parliament indicates new credit must be provided.

London, Feb. 16.—There was little that was spectacular or sensational about the opening of the new session of the British parliament. The parliament started on its business with a sober air befitting the serious business which it is to accomplish in the next few weeks.

The prime minister, Mr. Asquith, in the house of commons and the secretary for war, Earl Kitchener, in the house of lords, reviewed the present status of the nation's affairs. Mr. Asquith appealed for national economy; Earl Kitchener closed with an expression of the hope that the new system of army enlistments would yield the required number of men to carry the war to a decisive conclusion.

The speech of the prime minister, grave in tone, but confident in character, created a deep impression on the house. His closing allusion to the economic strain of the war was accepted as an intimation that a far reaching character will be imposed, as early date further taxation of a comprehensive scheme for the restrictions of imports.

The purpose of forming a Parent

(Continued on page two)