"VICTORY FLOWS IN OUR DIRECTION," SAYS DAVID LLOYD GEORGE

Entente Allies Take the Initiative, Never to Be Lost to the Foe Again.

A despatch from London says: David Lloyd George, British Minister of War, presiding on Thursday at an allied conference on equipment, declared that the combined offensive of the allies had wrenched the initiative from the Germans, never, he trusted, to return.

"We have crossed the watershed," he said, "and now victory is beginning to flow in our direction. This change is due to the improvement in our equipment."

The conference was held at the War Office and was participated in by Albert Thomas, French Minister of Munitions; General Bailieff, Assistant Minister of War of Russia; General Adall Olio, member of the Italian Ministry of War, and the new British Minister of Munitions, Edwin E. Montagu.

Russians Terrify Teutons.

"Since our last munitions conference," said Mr. Lloyd George, "there has been a considerable change in the fortunes of the allies. On that date the great Champagne offensive in the west had just failed to attain its objective, and the French and British armies had sustained heavy losses without the achievement of any particular success. In the east the enemy had pressed the gallant armies of Russia back some hundreds of miles, and the Balkans had just been overrun by the Central powers.

"The overwhelming victories won by the valiant soldiers of Russia have struck terror into the hearts of our foes, and these, coupled with the immortal defence of Verdun by our indomitable French comrades, and the brave resistance of the Italians against overwhelming odds in the southern Alps, have changed the whole complexion of the landscape.

"Now the combined offensive in the east and west has wrenched out of the hands of the enemy—never, I trust, to return to his grasp. We have crossed the watershed, and now victory is beginning to flow in our direction.

"Why have our prospects improved? The answer is: the equipment of our armies has improved enormously and is continuing to improve.

"The British navy until recently, has absorbed more than half the metal workers of this country. The task of building new ships and repairing the old ones for the gigantic navy, and fitting and equipping them, occupies the energies of a million men. Most of our new factories are now complete; most of the machinery has been set up. Hundreds of thousands of men and women, hitherto unaccustomed to metal and chemical work, have been trained for munitions making.

Steadily Increasing Output.

"Every month we are turning out hundreds of guns and howitzers, light, medium and heavy. Our heavy guns are rolling in at a great rate and we are turning out nearly twice as much ammunition in a single week—and, what is more, nearly three times as much heavy shell—as we fired in the great offensive in September, although the ammunition we expended in that battle was the result of many weary weeks' accumulation. The new factories and workshops we set up have not yet attained one-third their full capacity, but their output is now increasing with great rapidity. Our main difficulties in organization, construction, equipment, labor supply and readjustment have been solved. If officials, employers and workmen keep at it with the same zeal and assiduity as they have hitherto employed, our supplies will soon be overwhelming.

"I cannot help thinking that the improvement in the Russian ammunition has been one of the greatest and most unpleasant surprises the enemy has sustained. Still, our task is but half accomplished. Every great battle furnishes additional proof that this is a war of equipment. More ammunition means more victories and fewer casualties."

BRITISH MAKE MORE PROGRESS

Appreciably Advance Their Line At Various Points.

A despatch from London says: The British made a further advance north of the Somme, according to a report received on Thursday from General Haig. With Contalmaison and the entire German first line of defence on that and adjoining sectors firmly in their hands the British troops are striking to the eastward against Combles and Bapaume. Longueval, a junction point on the high road system, and the Heights of Martinpuich, two and a half miles northeast of Contalmaison, which command the battleground for miles around, are the immediate objects of their campaign.

MAY FORCE CHLOROFORM USE.

French Likely to Make It Compulsory in Army Surgery.

The French Academy of medicine is considering the advisability of recommending the Government to make the use of chloroform compulsory in the army, not only in serious operations but also in all cases where the treatment is painful.

At present French soldiers are obliged to submit to vaccination against smallpox and typhoid fever, but they cannot be compelled to accept chloroform against their will.

A committee has been formed to study the question as well as that of rendering compulsory the injection of serums in all cases where the latter are declared to be necessary by the doctor.

JAIL FOR REFUSING TO MAKE MUNITIONS.

War Prisoner Writes of Ottawa Man's Plight.

A despatch from Ottawa says: Canadian prisoners in Germany were sentenced to a year in jail by the Germans for refusing to make war munitions, according to a letter received here from Corporal Ian A. Simons, formerly a prisoner in Germany, and now transferred to the internment camp in Switzerland. He writes that Corporal Harry Hogarth, of Ottawa, is one of those who refused to make munitions, and it is expected he will have to serve the year's sentence, which has already been imposed upon him. Steps have been taken to bring it before the authorities, so that it can be investigated, as, according to The Hague tribunal, prisoners of war are not called upon to make munitions.

BRITISH HOLDING ON THE TIGRIS RIVER.

Gen. Lake's Troops Are at Sannayyat, Fifteen Miles Below Kut.

A despatch from London says: The British expedition in Mesopotamia is still at Sannayyat, about fifteen miles below Kut-el-Amara on the Tigris, according to an official statement issued on Thursday. The statement says that the British forces have been subjected to an ineffectual artillery attack.

Eighty German Merchant Subs?

A despatch from Copenhagen says: German newspapers state that eighty new submarines of the same type as the Deutschland will be built at Kiel and Bremen. Twelve are expected to be completed by August.

BRITISH ADVANCE TO A DEPTH OF THREE MILES

Take Bazentin and Longueval, Also the Whole of Trones Wood. Germans Surrendered Freely.

A despatch from London says: General Sir Douglas Haig struck again at dawn on Friday. The British front has been advanced three miles to the eastward. It rests on a line from Bazentin le Petit to Longueval. Both villages are in British hands. Beyond the latter place the British troops are fighting forward in the wooded section in desperate hand-to-hand engagements with the Germans. The British advance at its deepest point on Friday night approximated three miles.

Friday's advance is one of the greatest blows yet struck the Germans in the Picardy offensive. It brings the British southern front on an even line with the French at Hardecourt and puts the British in good position to drive a wedge between Thiaumont and Peronne, the two main German bases on this front. Longueval was the junction point of several important highroads, which had been of much value to the Teutone, while on the north of Friday's front of attack the British are approaching the Pozieres, another strongly defended village on the road to the commanding heights of Martinpuich.

They are now within two miles of this crest line, the capture of which would give them artillery control of the neighborhood and serve as a serious menace to Bapaume.

A despatch from Reuter's correspondent on the British front says that the German second line was carried with small loss, and the Germans surrendered freely.

Markets of the World

Breadstuffs.

Toronto, July 18.. Manitoba Wheat—No. 1 Northern, $1.23¾; No. 2 do., $1.22; No. 3 do., $1.19, on track Bay ports.

Manitoba Oats — No. 2 C.W., 51½c; No. 3 C.W., 50½c; extra No. 1 feed, 50½c; No 1 feed, 50½c; No. 2 feed, 49½c, on track, Bay ports.

American corn—No. 3 yellow, 88½c, on track, Toronto.

Ontario oats—No. 2 white, 47 to 48c., according to freights outside.

Ontario wheat—No. 1 commercial, 97 to 98c; No. 2 do, 93 to 95c; No. 3 do., 87 to 89c; feed, 85 to 86c., nominal, according to freights outside.

Peas—No. 2, nominal, $1.70 to $1.80; according to sample, $1.25 to $1.50, according to freights outside.

Barley—Malting barley, nominal, 65 to 66c; feed barley, nominal, 60 to 62c, according to freights outside.

Buckwheat—Nominal, 70 to 71c., according to freights outside.

Rye—No. 1 commercial, 94 to 95c., according to freights outside.

Manitoba flour—First patents, in jute bags, $6.50; second patents, in jute bags, $6.00; strong bakers', in jute bags, $5.80, Toronto.

Ontario flour—Winter, according to sample, $4.05 to $4.15, in bags, track Toronto, prompt shipment; $4.15, bulk seaboard, prompt shipment.

Millfeed, car lots, delivered Montreal freights, bags included—Bran, per ton, $20 to $21; shorts, per ton, $24 to $25; midlings, per ton, $25 to $26; good feed flour, per bag, $1.55 to $1.60.

Provisions.

Bacon, long clear, 18 to 18½c. per lb. Hams—Medium, 24 to 24½c; do., heavy, 20½ to 21c; rolls, 19 to 19½c; breakfast bacon, 25 to 27c; backs, plain, 26½ to 27½c; boneless backs, 29½ to 30½c.

Lard—Pure lard, tierces, 17 to 17¼c; and pails, 17½ to 17¾c; compound, 14 to 14¾c.

Country Produce.

Butter—Fresh dairy, choice, 25 to 27c; inferior, 23 to 24c; creamery, prints, 29 to 31c; inferior, 28 to 29c.

Eggs—New-laid, 29 to 30c; do., in cartons, 31 to 33c.

Beans—$4.50 to $5.00, the latter for hand-picked.

Cheese—New, large, 18c; twins, 18½c; triplets, 18½c.

Maple Syrup—Prices are steady at $1.40 to $1.50 per Imperial gallon.

Dressed poultry—Chickens, 25 to 27c; fowl, 23 to 25c.

Potatoes—New Brunswicks quoted at $2.00 per bag; Western, $1.85.

Montreal Markets.

Montreal, July 18.—Corn—American No. 2 yellow, 91 to 92c. Oats—Canadian western, No. 2, 54 to 54½c; do., No. 3, 53 to 53½c; No. 1 feed, 53 to 53½c; No. 2 local white, 53c; No. 3 do., 52c; No. 4 do., 51c. Flour—Man. Spring wheat patents, firsts $6.60; seconds, $6.10; strong bakers', $5.90; Winter patents, choice, $6.00 to $6.25; straight rollers, $5.40 to $5.50; do., bags, $2.50 to $2.60. Rolled oats, barrels, $5.05 to $5.45; do., bags, 90 lbs, $2.40 to $2.60. Bran, $20 to $21. Shorts, $23 to $24. Middlings, $25 to $27. Mouillie, $28 to $32. Hay—No. 2, per ton, car lots, $19 to $20. Cheese—Finest western, 16 to 16½c; do., easterns, 14½ to 15c. Butter—Choicest creamery, 29½ to 29¾c; seconds, 28½ to 28¾c. Eggs—Fresh, 35c; selected, 32c; No. 1 stock, 29c; No. 2 stock, 28c.

Winnipeg Grain.

Winnipeg, July 18.—Cash quotations:—Wheat—No. 1 Northern, $1.16½; No. 2 Northern, $1.14¾; No. 3 Northern, $1.11¾; No. 4, $1.06½; No. 5, $1; No. 6, 96½c; feed, 92½c. Oats—No. 2 C.W., 45¾c; No. 3 C.W., 44¾c; extra No. 1 feed, 44¾c; No. 1 feed, 44¾c; No. 2 feed, 43¾c. Barley—No. 3, 75c; No. 4, 71c; rejected, 68c; feed, 68c. Flax—No. 1 N.-W.-C., $1.77; No. 2 C. W., $1.74

United States Markets.

Minneapolis, July 18.—Wheat, July $1.15¾; September, $1.15¾; No. 1 hard, $1.21¾; No. 1 Northern, $1.16½ to $1.18¾; No. 2 Northern, $1.12¾ to 1.16¾. Corn—No. 3 yellow, 81 to 82c. Oats—No. 3 white, 39 to 39½c. Flour—Fancy patents 10c higher, at $6.25; first clears 10c. higher at $5.; other grades unchanged. Bran, $17.50 to $18.00.

Duluth, July 18.—Wheat on track, No. 1 hard, $1.19½; No. 1 Northern, $1.18½; No. 2 Northern, $1.13½ to $1.15½; No. 1 Northern to arrive, $1.17½; No. 3 Northern on track, $1.02 to $1.02¾. Linseed, on track, $2.01 to $2.01½; to arrive, $2.01; July, $2.00½ bid; September, $2.01½ bid; October, $2 bid; November $2 bid; December, $1.98½ bid.

Live Stock Markets.

Toronto, July 18.—Choice heavy steers $9.25 to $9.50; good heavy steers, $9.00 to $9.10; butchers' cattle, choice, $9.10 to $9.35; do, good, $8.75 to $8.80; do, medium, $8.50 to $8.60; do, common, $7.50 to 7.75; butchers' bulls, choice, $8.00 to $8.25; do, good bulls, $7.45 to $7.65; do, rough bulls, $4.75 to $5.25; butchers' cows, choice, $7.50 to $7.60; do, good, $7.25 to $7.35; do, medium, $6.25 to $6.75; stockers, 700 to 850 lbs, $6.50 to $7.40; choice feeders, dehorned, $7.60 to $8.00; canners and cutters, $3.75 to $5.00; Milkers, choice, each $75.00 to $95.00; do, com. and med., ea. $40.00 to $60.00; springrs, $50.00 to $100.00; light ewes, $7.75 to $8.50; sheep, heavy, $5.00 to $5.50; spring lambs, per lb., 14c. to 14½c; calves, good to choice, $9.50 to $12.25; do, medium, $7.25 to $8.50; hogs, feed and watered, $11.15 to $11.25; do, weighed off cars, $11.40 to $11.50; do, f.o.b., $10.65.

Montreal, July 18.—Butchers' steers, good, $9 to $9.50; medium, $7.75 to $8.75; common to fair, $7.25 to $8.25; fair to good, $6.50 to $7; medium $5.25 to $6.25; cows, good, $6 to $7; fair, $5.50 to $5.75; common, $5 to $5.25; sheep, 7c; lambs, 10c; calves, milk fed, 9c. to 10c; grass fed, 5c; hogs, selects, $11.75 to $12.25; roughs and mixed lots, $10.50 to $11.50; sows, $9.75 to $10.25.

460 IRISH REBELS WILL BE RELEASED.

A despatch from London says: The advisory committee appointed to consider the cases of men arrested in Ireland during the recent rebellion, and still under detention, has recommended the release of 460 of them. This recommendation will be given effect immediately, Herbert L. Samuel, Secretary of State for Home Affairs, informed the House of Commons on Wednesday.

500 GREEK SOLDIERS ATTACK ALLY TRAIN

A cable from Paris to a news agency at New York says:—"Despatches from Salonica report serious rioting at Kavala, when 500 Greek soldiers stormed a train on which they had been refused transportation. The railroads is controlled by the Anglo-French army. Pickets fired upon the Greek soldiers and drove them off."

FOE SANK 101,000 TONS OF SHIPPING DURING JUNE.

A despatch from Berlin says: An official statement issued on Wednesday night says: "In the month of June sixty-one of the enemy's merchantmen, measuring about 101,000 tons, were sunk by German and Austrian submarines or by mines."

CANADA'S SAVINGS GROW DURING WAR

During Past Twenty Months Have Increased Over $100,000,000.

A despatch from Ottawa says:—The consolidated revenue of Canada for the three months of the fiscal year ending June 30 was $50,772,903.92, and the expenditure was $37,055,289. The revenue from all sources amounted to $56,000,000. Of this expenditure only $10,528,045 comes under consolidated fund account while $26,527,243 is under capital and $22,173,031 of this is war outlay. In the month of June last the war expenditure was $12,439,187.93. During the three months' period the expenditure on both capital and revenue accounts outside of the capital outlay on war has decreased substantially, due to the policy of rigid economy adhered to by the spending departments of the government.

The June revenue increased from $11,433,970 to $17,600,149, the increase being found in nearly all branches including $4,000,000 in customs.

The buoyancy of the Dominion's financial situation is shown throughout the statement. The total assets of the Dominion on June 30 were $420,395,783 as against $257,943,948 a year ago. The net debt increased from $450,287,721 to $593,910,637, but the increase for the month was $16,013,946,95, or nearly $2,000,000 less than a year ago.

The credit Canada has extended to the British Governement now totals $150,000,000. Munition orders to this amount have been placed in Canada by the Imperial Government.

Canadian deposits on savings account total over $700,000,000, having increased a little over $100,000,000 during the 20 months of the war.

HUNGARY IS BITTER OVER GREAT LOSSES

Since Beginning of Offensive Against Italy They Exceed 600,000.

The London Morning Post has advices from Budopest which say that the losses of the Austro-Hungarian army during the last six weeks were the subject of discussion in the lobby of the Hungarian Parliament. The despatch says:

"Members who returned from the different fronts where they took part in the offensive against Italy, also in the tremendous fighting on the Russian front, all agreed that the losses must exceed 600,000 since the beginning of the offensive against Italy. The bitterness against the leaders of the army is very great, and at the next sitting of the House the Independence party will again demand that those responsible for the situation shall be brought to account, these being the two Archdukes and Gen. Conrad von Holtztndorf. It is more than likely that the House will be dissolved rather than that these high personages should be made the subjects of acrimonious criticism."

A despatch from Bucharest to the Telegraph says: "Public feeling has been deeply stirred by the general offensive of the allies. Owing to an appreciable lack of meat here the Government has prohibited eating of it on three days of the week."

NEWS OF DEFEATS KEPT FROM FRANZ JOSEF

A despatch from Zurich says:—Members of the Austrian Imperial family have been summoned to Schoenbrunn, owing to the illness of the Emperor Franz Josef, according to news despatches from Innsbruck. Several specialists are attending the aged King-Emperor and the news of the war is being withheld from him.

GERMAN SUBMARINE RAIDS ENGLISH FISHING FLEET.

A despatch from London says: Following the attack by a German submarine on the British port of Seaham Harbor on Tuesday night, a submarine raid on a fishing fleet near the English coast was reported by Lloyds on Friday. A German submarine attacked a British fishing fleet off the northeastern coast and sank the trawlers Florence and Dalhousie and several smaller vessels.

EIGHTEEN BULGAR REGIMENTS MUTINY.

A despatch from Bucharest says: Eighteen Bulgarian regiments are reported to have mutinied, killing their German officers.

Airmen Shell Rhone Town.

A despatch from Paris says: The following official statement was issued on Friday night: "In reprisal for the bombardment by the enemy of the open town of Luneville on the night of June 24, one of our aviators, flying at an altitude of about 1,500 feet, dropped several shells of large calibre on the town of Mulheim, on the right bank of the River Rhone."

BRITISH REACH THIRD LINE: HOLD ALL GROUND GAINED

Gen. Haig's Forces in Pushing Foe Back to Third Line Advance Four Miles Beyond Original Teuton Trenches.

A despatch from London says: Exhausted by the desperate fighting of the days the German and British troops on the Somme are resting on their arms on Sunday. In the lull which has followed what correspondents at the front describe as the fiercest fighting of the war, the British are consolidating their new positions north of the Bazentin-Longueval line and are bringing up their heavy artillery preparatory to resuming the great drive toward Peronne.

The British offensive was resumed Saturday and the advance of their thrust reached the third line of the German defences north of the Somme.

Berlin officially admitted that General Sir Douglas Haig's forces had gained some ground and that they had occupied Trones Wood. The German resistance has been stubborn, but the British were able, thus far, to retain the positions won.

General Haig's men, in pushing the Germans back to their third line of defence, advanced four miles beyond the original German lines as they existed at the beginning of the offensive on July 1 in the Fricourt-Mametz sector.

The force of the renewed British drive is shown not only in the ground gained but in the number of prisoners captured. London reports the taking on Saturday of more than 2,000 Germans, the total since the start of the offensive now being in excess of 10,000.

In the course of the operations, the correspondent adds, detachments of the Dragoon Guards and the Deccan Horse (a crack Indian cavalry command) went into action. They charged an enemy position, killing sixteen and capturing thirty-four. The operation was small, but it was the first time that cavalry was employed as such since the early stages of the war.

NEW GUN REPLACES NOTED ROSS RIFLE

Canadian Troops at the Front Are Being Re-armed.

A despatch from Ottawa says: Canadian troops at the front are being re-armed with the new British Enfield rifle, and this rifle, which is now being manufactured both in Great Britain and in the United States by the hundreds of thousands, has been adopted as the uniform service rifle of all the British troops. The Ross rifle, about which there has been so much criticism, will be gradually discarded for all Canadian troops as a service rifle, and the new rifle substituted as it becomes available. The new weapon has a shorter barrel than the Ross rifle, making it more serviceable for trench work. It is of smaller bore than either the Ross or the present Lee-Enfield, but the bore on the new rifle can be easily enlarged to take the present size ammunition until new stocks are ready.

SECOND DOMESTIC WAR LOAN IN SEPTEMBER.

Terms of War Issue Will Be Settled a Few Days Beforehand.

A despatch from Ottawa says: Canada will float a second domestic war loan in September, according to an official announcement made here on Thursday by Sir Thomas White, Minister of Finance. The amount, terms, and price, it is stated, will be settled a few days before the issue.

GERMAN GUNNERS CHAINED TO GUNS.

A despatch from London says: British soldiers on the fighting line and those wounded on the Somme say that they found German machine-gunners chained to their guns to prevent them from retreating.

People who know the least are apt to assume the most.

It's the easiest thing in the world to be brave when there is no danger.

BRITISH SWEEP SINAI REGION

Troops Do Great Work on Eastern Shore of Suez Gulf.

A despatch from London says: Two columns of British troops operating on the eastern shore of the Gulf of Suez have raided sixty miles of difficult country held by the Turks, according to an announcement made on Sunday by the Secretary of the British War Office. The statement says: "The Commander-in-Chief of the Mediterranean expeditionary force, telegraphing on Friday, reports that two columns operating from Tor and Abu Seeneima, on the Sinai shore of the Gulf of Suez, have returned to their bases after successful raids of the enemy posts in the peninsula. "Sixty miles of difficult country were traversed, prisoners were taken and live stock secured. Despite opposition and considerable sniping, no casualties were sustained by either of the columns."

BREAD TICKETS TO GET BEER?

Good Templars of Germany Oppose Using Barley to Make Beverage.

A despatch from Amsterdam says: A protest against the consumption of barley for the making of beer is made in a letter sent to Chancellor von Bethmann-Hollweg signed by eight thousand members of Good Templar lodges in Germany. The letter points out the "gigantic waste of bread material" in the use of large quantities of barley for the production of beer. It urges that hereafter beer be only supplied on bread tickets.

Even the man who has not had his appendix removed can find some fun in telling of his visits to the dentist.

There is no harm in the younger generation reading the books they do, provided that they do not let their parents get hold of them.

A FRENCH WEDGE IN FOE LINE, HUNS ADMIT CRISIS AHEAD

Joffre's Forces Close to Peronne, and Germans are Making Desperate Counter-Attacks.

A special cable to the Chicago Daily News from Oswald F. Schutte, in Berlin, says: The French have opened the third week of their offensive by driving within a mile of Peronne a wedge into the German lines. The Germans have been making desperate counter-attacks, both north of the Somme and on the French flank at Barleux. The Germans realize that a crisis is still ahead.

The third week promises even more bloodshed than last week, for reports from the front are far from revealing all the horror of this fearful slaughter. The German press are still forced to rely upon the British eyewitnesses' reports for real stories of the battle. German authorities make nothing public except dry statements of the general staff, and reports of German correspondents at German headquarters add little. Neither German nor neutral correspondents are now allowed anywhere at any of the fronts.

HEROISM OF NEWFOUNDLANDERS IN THE BATTLE OF THE SOMME

Only Overseas Troops Engaged in Operations Behaved With Noble Steadiness and Courage.

The London Times correspondent at British headquarters in France sends the following:

"The Newfoundlanders were the only overseas troops engaged in these operations. The story of their heroic part cannot yet be told in full, but when it is it will make Newfoundland very proud.

"The batalion was pushed up to what may be called the third wave in the attack on probably the most formidable section of the whole German front through an almost overwhelming artillery fire, and acvross ground swept by an enfilading machine gun fire from hidden positions. The men behaved with completely noble steadiness and courage."