

CHAMBERLAIN WARNS OF GRIMMER WARFARE

MAXIMS
OF A
MERE MAN

Lawyers, preachers and tomtit's
eggs, there are more of them hatch-
ed than come to perfection.

THE CHARLOTTETOWN GUARDIAN

The People's Paper Read by Everybody
Covers Prince Edward Island Like the Dew

MAXIMS
OF A
MERE MAN

Drink water, put the money in
your pocket and leave the dry belly-
ache in the punch-bowl.

Charlottetown Guardian Two Cents.
Morning Guardian, Founded 1887.

CHARLOTTETOWN, CANADA, WEDNESDAY, JANUARY 10, 1940

8 PAGES

Annual Subscription Delivered \$5.00
By Mail—P.E.I. \$1.00; Canada and U.S. \$5.00

BRITISH LINER STRIKES MINE

British Prime Minister Offers Nazis No Quarter Sees Peaceful European Federation As Reward For War Efforts And Warns Germans Of Responsibility.

LONDON, Jan. 9.—(CP)—Prime Minister Chamberlain today warned the Empire that there is approaching a phase of this war much grimmer than anything we have seen yet, but envisaged a possible reward for sacrifices in a peacetime federation built upon Anglo-French collaboration.

The Prime Minister spoke at a Lord Mayor's luncheon at the Mansion House in the first of a series of speeches by government members to bring home to the people that they are up against in the war.

We offered no quarter to Nazi Germany and left no avenue for an "easy peace." He warned the German people that they "must realize that the responsibility for the prolongation of this war and all the suffering it may bring in the coming year is theirs, as well as that of the tyrant who stands over them." He said, however, that the idea that Britain wants to "annihilate" the German people is a "fantastic and malicious invention."

For the first time, Mr. Chamberlain touched on the idea of some sort of European federation, a political dream from the time of Napoleon and already hinted at by Premier Daladier of France.

Speaking in glowing terms of the military, political, economic and financial co-operation between France and Britain, he said it "might even develop into something wider and deeper because there is nothing which would do more to facilitate the task of peaceful reconstruction which has got to be taken sometime; there is nothing which would contribute more toward the permanence of its results, than the extension of Anglo-French collaboration in financial and economic to other nations in Europe and indeed perhaps of the

world."

He suggested that Britain and France are finding their alliance "so valuable that when the war is over neither of us will want to give it up."

An Unholy Pact

By contrast Mr. Chamberlain called the agreement between Germany and Soviet Russia "an unholy pact." Little Finland is fighting "against the forces of unscrupulous violence, just as we are ourselves." He promised that Britain's aid to Finland, pledged through the League of Nations, "will be no mere formality."

Germany, who was inflicting "evil things" upon the Poles and Czechs, "exploiting their resources, carrying off their food, starving and shooting the people, tearing them up and uprooting them from their homes," had set an example of aggression for Russia's attack on Finland, the Prime Minister said.

Fresh Sacrifices

In warning that fresh sacrifices might be called for, Mr. Chamberlain said unnecessary imports would have to be curtailed to leave available Britain's resources of foreign exchange and of shipping so that essentials could be bought and carried home.

The making of munitions on the

(Continued on page 7, Col 4)

OVERCROWDING AT FALCONWOOD IS REPORT

Grand Jury Stresses Need For Additional Accommodation At Institution.

Both men's and women's buildings at Falconwood Mental Hospital were overcrowded to a "marked degree," the Grand Jury declared in its report last night after inspection of public institutions.

The need of a paved road connecting the institution with the St. Peter's road was also considered an "absolute necessity," by the Jury.

This report, which was read before Mr. Justice Saunders at 9 o'clock last night, completed the duties of the Jury at the opening of the January term of the Supreme Court.

Following is the full text of the report:

Text Of Report

Charlottetown, Jan. 9, 1940
To the Honourable J. A. MacIntosh
Chief Justice and associate
Judges of Supreme Court.

May it please your Lordship,
We the Grand Jury for Queens County at the January sitting of the Supreme Court, respectfully submit the following report on our inspection of the Public Buildings and Institutions.

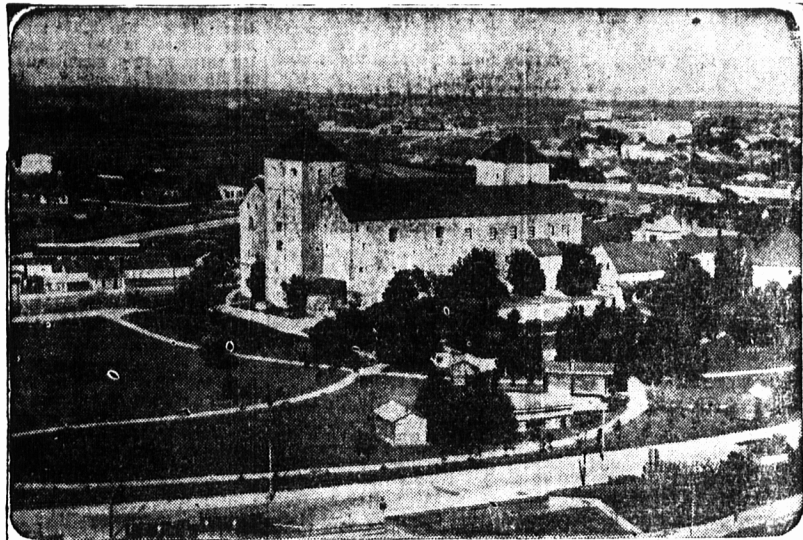
The Infirmary was visited and inspected throughout.
Mrs. Carrick, the matron of this institution has a wonderfully well managed home for the inmates, 94 males, and 76 females, including 5 children.

The conditions under which these people live would appear to leave little to be desired.
The building is good in every respect, the sanitary conditions excellent, and the general appearance of the patients indicate the best care and attention as to food, and clothing. We are informed that no reasonable request is denied.

Fire escapes are inadequate and we would recommend particularly the desirability of improving the

(Continued on page 7, Col 3)

Historic Castle Prey To Raiders



Turku Castle, 13th century building in Turku, Finland, now used as a historical museum, is reported destroyed by fire as the result of Russian air raids on the city made in an effort to cut rail connections and block shipments of war supplies from Sweden.

R.A.F. Squadrons In France Come Under One Command

(By J. F. Sanderson, Canadian Press Staff Writer)

LONDON, Jan. 9.—All British air squadrons in France were brought under a unified air command today to ensure effective support to the British and French armies along the western front.

Air Marshal Arthur S. Barratt who won his wings in June, 1914, and had a distinguished flying record in the First Great War, was given command of "British air forces in France."

Ends Agitation

The Government's decision ended agitation within the army for unified control of Britain's land and air forces in France under General Viscount Gort, V. C., Commander-in-Chief of the British Expeditionary Force.

Speculation arose tonight as to whether the Government's decision against a single army-air command had any relation to Leslie Hore-Belisha's resignation as Secretary of State for War. But this was considered unlikely in view of Prime Minister Chamberlain's report.

(Continued on page 7, Col 6)

International At A Glance

(By The Canadian Press)

LONDON—Prime Minister Chamberlain tells Britain of "grimmer" war days ahead, sees victory and peace-time federation built on British-French collaboration; German planes attack 11 ships; British liner Dunbar Castle, 10,002 tons, strikes mine; at least five ships sunk.

WITH THE BRITISH EXPEDITIONARY FORCE SOMEWHERE IN FRANCE—Major-General Andrew McNaughton, commander of C. A. S. F. arrives in France for conferences with Viscount Gort.

MOSCOW—Russian communique admits Red Army withdrawn "several kilometers" in East Central Finland after severe fighting.

HELSINGFORS—Finland reports Russian lull on all fronts; officials say Russians exhausted, apparently gathering strength for new assault.

PARIS—French Chamber throws out four Communist Deputies; fist fights break out.

First Officer Casualty Reported

WITH THE BRITISH EXPEDITIONARY FORCE IN FRANCE, Jan. 9.—(CP)—A young officer of an English county regiment out on patrol last Saturday night held by British troops was reported in the sector of the Maginot Line today to be missing.

He is the first officer casualty suffered by the British Maginot force. Details were not available but it was believed the officer was wounded and taken prisoner.

(A Berlin communique announced capture of the first British officer and said he died of his wounds.)

Sanity In War Financing

OTTAWA, January 9th—Canada's forthcoming war loan can readily be expected to match the pattern of financial policy that will be universally recognized as sound, and one that reflects the benefits of experience from the last great war.

Borrowing, in this instance, is a means only of bridging the margin between the amount of money obtainable by taxes and the actual inflationary price movements spiraling to a government at war in defence of freedom.

Recognizing the pitfalls of her experience in the last war, Canada, on this occasion, is facing the problem of war financing in forthright manner. Canada's financial machinery has enabled her to set a course at the outset of the new world war that would have been virtually impossible in 1914; it will enable the Canadian people to avoid many of the demoralizing consequences of war, and post-war readjustments, such as befell Canada and many other countries in the last great conflict.

This war is to be paid for, in so far as possible, as it is fought rather than to hazard a repetition of the inflationary price movements spiraling to an inevitable and expensive day of reckoning. For the past 20 years, Canada and other countries have been paying the price of inadequate machinery, lack of precedent and foresight in financing the last war. Canada now has a broad and comprehensive taxation system and the broad financial machinery required for exercising the control that is necessary to carry out a policy that will finance the heavy expenditures involved without giving rise to unfortunate maladjustments and their inevitable aftermath.

In recent years, Canada has pursued a moderate policy of expansion in company with the United Kingdom, Sweden and certain other countries. In consequence of that policy, Canada was able to reverse the deflationary trend of the early depression years and to facilitate an expansion in national production and business activity that has been more consistent and prolonged than in many other countries. She has also effected a general reconstruction of her debt through refunding loans at lower interest rates and has reorganized, during the last five years, over \$900 millions of Canadian debt held abroad. The net result has been

to effect a substantial decrease in the cost of Government debt and to strengthen greatly Canada's credit position.

The new war loan, like probably all loans floated by Canada during this war, will be on a domestic basis. Canadians will provide the principal and receive the interest. The debt will be owed to ourselves in Canadian funds, and will therefore, not give rise to the difficult exchange problems and real burdens to the country which are inherent in external borrowing. In borrowing within our country, the Government hopes to see some of the real savings of the people converted into war loan bonds. The latest available figures show a total of \$1,734,000,000 of savings accounts held by depositors in chartered banks, the highest figure in the history of the Canadian banking system. These deposits are held in over 4 million accounts which probably means that one out of about every three people in Canada has a savings account. By converting real savings into war loan bonds, the individual can make a vital contribution to Canada's war effort, and at the same time secure for himself a safe and profitable investment.

Dunbar Castle Founders After Terrific Blast

Nazis Intensify Sea And Air Warfare In British Coastal Waters—Warplanes Machine-gun And Bomb Eleven Ships.

LONDON, Jan. 10.—(Wednesday)—(CP)—A terrific mine explosion last night ripped the 10,002-ton British passenger liner Dunbar Castle in two after Nazi warplanes, in an intense invasion of British coastal waters, had bombed or machine-gunned 11 British or neutral ships, sinking at least three.

Two other ships, or five in all, were newly reported sunk in the last few days in the sharp burst of sea-air warfare. Loss of life totalled at least 34.

Superb rescue work off the southeast coast saved all the Dunbar Castle's 48 passengers and all but three of her 150 crewmen. The master and two seamen were killed. Passengers from the wrecked liner, owned by the Union Castle Mail Steamship Line and bound for the Cape of Good Hope with 198 men, women and children, reached London early today, some of them wrapped in blankets.

They told how the explosion plunged the ship into darkness and said the lifeboats had trouble getting away because of the suction of water, rushing through the broken hull.

The ship cracked clean in half after the boats were away, they related.

CAPTAIN KILLED

Captain H. A. Causton was on the bridge at the time of the explosion. He was found dead at the door of his cabin. His body and those of the two crewmen were brought ashore.

The Admiralty announced that one British vessel and two Danish ships had been sunk by German aircraft, just off the east coast to the north of where the Dunbar Castle was blown up. Raked by machine gun fire were five fishing smacks, a lightship tender and two other ships, unidentified as yet. One man was killed and 32 wounded out of the tender's crew of 40.

The ships which the Admiralty said were sunk by German aircraft were:— S. S. Gowrie, British, 689 tons, crew saved. S. S. Ivan Kondrup, Danish, 3,369 tons, 10 missing, 11 saved. S. S. Freddy, Danish, 955 tons, fate of crew unknown.

The Nazi aerial attacks, which involved nearly a dozen ships during Tuesday along the east English coast, were aimed at unescorted vessels, the Admiralty said. One of the Danish ships sank three hours after a bomb smashed her stern.

Reports reached London of the mining and sinking of the 8,485-ton British tanker British Liberty, in the North Sea, with 20 crewmen missing and believed lost. The 176-ton Dutch motor vessel Truida hit a mine and sank off the Netherlands coast, but her crew of four was saved.

Survivors who arrived in London tonight, wrapped in blankets said the explosion came just as the passengers were finishing a late lunch Tuesday.

Today's reports raised the known sea war toll of all nations to 300 ships, having a tonnage of at least 1,065,178.

Berlin's Story

Silver Fox Prices Down In Montreal

MONTREAL, Jan. 9.—Officials of Canadian Fur Auction Sales Company opened a four-day auction of silver foxes today and reported prices were nine to 16 per cent lower than the last sale, held in December.

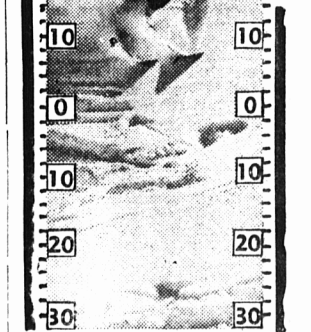
Today's sales follow: Select 1-4 to 3-4 silver, 75 per cent sold; decline, 12 per cent. Select full silver, 55 per cent sold; decline, 16 per cent. Regular full silver, 89 per cent sold; decline, nine per cent. Inferior types, 58 per cent sold; decline, 10 per cent. Low grades, 81 per cent sold; unchanged.

TO-DAY'S NEWS IS TO MORROW'S WRAPPING PAPER



Thermometer Extremes

High Low



Yesterday's highest and lowest thermometer readings are indicated above.

Maritime Provinces: Moderate winds, mostly northwest; fair and cold.

Synopsis: The weather has been generally fair with somewhat higher temperatures today in Ontario, while in the Prairie Provinces temperature continues moderate and light snow has occurred in a few districts.

TORONTO, Jan. 9.—(CP)—Minimum and maximum temperatures: Dawson 1B 2, Vancouver 32 40, Edmonton 1B 8, Regina 8 13, Winnipeg 4 11, Toronto 7 25, Ottawa 13B 12, Montreal 3 16, Quebec 3B 10, Saint John 0 18, Halifax 9 23, Charlottetown 14 28.

High tide this morning at 11:48 and tonight at 11:10.

Sun sets this afternoon at 4:37 and rises tomorrow morning at 7:37. First quarter moon Jan. 17, 2:21 p.m. Summerside tide 18 minutes later than Charlottetown.

THE CAR FERRY SAILINGS

Leaves Borden 9:45 A.M., 1:00 P.M. Leaves Tormentine 11:00 A.M. 3:05 P.M.