

A good finish is even more effective than a good start.

Bid farewell to the year 1938 with a flourish.

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A HAPPY NEW YEAR TO ALL

SPANISH CONFLICT RAGES:—

Loyalists Launch Counter-attack

HENDAYE, France, Dec. 30 (AP)—Spanish Government troops launched a counter-attack against the centre of insurgent lines today in an effort to split two wings of the offensive General Franco is aiming at Barcelona, Government capital.

Insurgent reports reaching the border, however, said that the advance of both Franco's northern column against Artesa and the southern column beyond Grandella was increasing in intensity.

The Government counter-attack developed south of Lerida in the direction of Sarroca, an important communication centre three miles behind insurgent lines.

(Dispatches from Government general headquarters said the counter-assault was directed against a sector which was believed to be held largely by Italian troops.)

DUNNING SEES IMPROVEMENT IN BUSINESS

Canadians Should Face Year With "Cautious Optimism" Finance Minister Says.

(C. P. by Guardian's Special Wire) OTTAWA, Dec. 30—(CP)—Canadians should face the new year with "cautious optimism," Finance Minister Dunning said in a new year statement made public here today. Reviewing conditions influencing the economic picture in 1939, the Minister forecast 1939 would be better than any year since the depression began.

"Barring aggravation of political tension abroad we may expect an improvement in business activity, in trade and employment, which should make 1939 a better year than 1938 or even 1937—indeed, the best year since the depression began," the Minister said.

To realize his forecast Mr. Dunning said, would call for the maximum of initiative and enterprise by business, cooperation and leadership politically, good will and mutual understanding on the part of sectional groups.

Revenues were down slightly this year as compared with 1937, the Minister said, but the deficit cast a larger railway deficit coupled with probable losses from the wheat price guarantee.

"In spite of the occasional surface indications of hickering, uncertainty and wanderings after false gods, which tend to be exaggerated out of all proportion, I am confident that I speak the mind of Canadians generally when I say that we will go into the new year with a determination to realize its maximum possibilities in prosperity and happiness for ourselves and our fellows." (4)

Claim Drive Stalled

In the north, insurgents reported they planned down the Government's shock troops by cutting important communication lines. Insurgent dispatches said the heavy artillery fire that Government troops had lost all freedom to manoeuvre.

Insurgents reported they drove through strong Government defence lines at Camarasa after 24 hours of hand-to-hand fighting over a 500-yard stretch of frozen no-man's-land.

The insurgents reported they occupied Camarasa, 22 miles northeast of Lerida, putting themselves within 10 miles of strategic Artesa, "gateway to Catalonia," and about 75 miles from the ultimate objective, the Government capital of Barcelona.

At the same time a second column pushed south toward Artesa, fighting to form a junction with the Camarasa unit before this key industrial town.

Germany and Poland Entangled Anew

WARSAW, Dec. 30 (AP)—Germany and Poland were entangled anew today over middle Europe's hapless Jews.

The Polish commissioner in the Free City of Danzig protested against expulsion from Danzig of Jews bearing Polish passports and threatened expulsion of Danzig citizens from Poland unless the action was halted.

The Polish press charged Germany was "dumping" Jews into Poland through Danzig with the connivance of the Free City's Nazi Government. The protest as published here, however, did not mention this.

COMING EVENTS

- **Dances in Iona Hall Tuesday, January 3rd. L-250-12-31-24.
- **Opening skate Milton Rink Monday night, skating 8 till 10. L-260.
- **Buying dress poultry daily until March. Correct grading. George Leighton Co. L-59-12-22-14.
- **Borden Line Club loading hogs, calves every Tuesday. Hours 12 to 3. L-348-12-M-2-5-11.
- **Buying hogs at Albany, Thursday, Friday at Emerald until noon. G. O. Green, Emerald. L-223-12-M-T-W-F.
- **Kinkora Hall, Bingo and Dance. Monday evening, January second. L-203-12-30-24.
- **Hockey at Marshfield Rink tonight Dunstaffnage vs East Royalty, skating after with music. L-263.
- **Poultry—Buying daily live and dressed poultry paying top market prices. Correct grading. Prompt returns. Island Cold Storage Company Ltd.
- **We require a quantity of cattle preferably well fleshed bulls for boning. Write or phone for prices. Sigsbee Island Cold Storage Co. Ltd. L-210, 12, 23, 61.
- **Borden Rink tonight, popular Saturday night skate, excellent ice, excellent music. Admission 15 cents. Also New Year's skate Monday night, January 2nd. Joint with first class music. L-330-12-31-11.

Lieut. Governor DeBlois Extends Greetings For A Prosperous New Year

Another year, with all its joys and sorrows, its achievements and disappointments, has passed into history and once again it is my privilege to extend to the people of this Province my best wishes for a Happy and Prosperous New Year. A year which I hope will bring to the world the blessings of international peace, national prosperity and individual happiness.

The year just ending has been a trying one for nations and individuals alike. It has witnessed wars and threats of war, labour disturbances resulting in unsettled financial and industrial conditions; but with all the trials and anxieties of the past twelve months let us not be unmindful of the many advantages and blessings we have enjoyed during 1938. We are thankful for the proud position which the British Empire holds today, standing as she does for Peace, Honour and Tolerance.

As the Right Honourable Anthony Eden recently said in New York "The British people are just the same people as they have been in their greatest moments of history." We are thankful that Canada holds such an important place among the nations of the world and that our people enjoy an independence such as few enjoy today, and surely this is particularly true of our own Province of Prince Edward Island where we have been favored with a bountiful harvest and our farmers have been able to realize satisfactory prices for the various products of the farm.

Standing on the threshold of a New Year we cannot but wonder

What a World! I Oughta to Get a Pension



Secure Control Of Oil Company

MONTREAL, Dec. 30 (CP)—Controlling interest in the \$10,000,000 Canadian Oil Companies, Limited, has been obtained by Nesbitt, Thomson and Company, Montreal firm of bond and investment securities dealers, from the National Refining Company of Cleveland, it was reported reliably here tonight.

Defective Chimney Blamed For Fire In Which Mother And Five Children Perish

WINNIPEG, Dec. 30 (CP)—A defective chimney was found by investigators today to be the cause of the house fire in suburban St. James last night when a mother and five children were burned to death. The father was burned but a young son escaped.

The victims: Mrs. Wretha Robson, 31; Doreen and Donnie, five-year-old twins; Shirley, 10; Dorothy, 7, and George two months.

Lyle Robson, the father, moaned on a hospital cot tonight. His hands and feet and face were slashed by glass which he broke in attempts to rescue his family. His hair was burned from his head and his body bruised and he was half-dragged to an ambulance and hospital.

Investigation showed a chimney, which shot up through a pantry, had a hole through which sparks apparently flew, setting the house afire about midnight. In 30-below weather neighbors attempted to right the way to the mother and young children but flames spread so rapidly they were driven to safety.

Reduction In Turnip Rate Announced

Freight On All Rail Shipments To Maine Ports Down, Trade Board Told.

Reduction in the all rail freight rate on turnips from all points in this province to Bangor or Fort Kent, Maine, was announced by Mr. R. E. Mutch, member of the Maritime Transportation Commission at a special meeting of the Charlottetown Board of Trade last night. The old rate varied from 51 and 54 cents per cwt. while the new schedule would be a flat rate of 41-1-2 cents per cwt. It was said that the desirable of having the C. G. S. Brant remain at this port for the winter months was mentioned by Mr. J. O. Hyndman, of the Harbor Improvement Committee. After discussion President Full and Board Secretary W. L. Higgins were instructed to look further into the matter in an endeavour to have the ship remain here. Until recently it had been the practice to have the Brant lay up here. Last year, however, the ship went to Halifax.

Bar Private Functions On Royal Tour

OTTAWA, Dec. 30 (CP)—During their tour of Canada next summer, King George and Queen Elizabeth will not accept any private invitations but will be guests of the people of Canada as a whole, Prime Minister MacKenzie King announced tonight.

The Prime Minister also stated that while Their Majesties are in Canada the rule with respect to gifts will be the same as when the King and Queen are in the United Kingdom. They are not to be expected to accept gifts from individuals, organizations or public bodies.

While not yet in a position to announce the detailed itinerary of the Royal visit which opens in May, the Prime Minister revealed that the original plan was that Their Majesties would visit only the Dominion capital.

The tour was extended to cover every province due to the decision of the King himself. "By this gradation the King has placed the people of Canada under an obligation that can only be met by a united effort to see that the

SEEK EARLY SETTLEMENT IN DISPUTE

Germany Reported Anxious To Prevent Mediterranean Crisis.

ROME, Dec. 30 (AP)—An anxious desire on the part of Germany that France and Italy settle their Mediterranean dispute before it grows into another European war crisis was reported in Fascist quarters today.

The newspaper Il Lavoro Fascista reported from Berlin that Germany, like Great Britain, was trying to guard against the Mediterranean becoming another Czechoslovakia, and that the Nazis want the dispute settled along the lines of "wise negotiation of interested forces."

This was described as Germany's "indirect interest" in the French-Italian dispute.

In Berlin the organ of the German Foreign Office, Diplomatische Politische Korrespondenz, welcomed France's desire to settle her Mediterranean differences without mediation by Britain.

Italians considered it certain Prime Minister Chamberlain would discuss the French-Italian dispute with Premier Mussolini when he comes to Rome Jan. 11. But how far Mr. Chamberlain would go as mediator remained uncertain.

(London dispatches, however, indicated Mr. Chamberlain would not touch on the subject but would leave it for France and Italy to decide.)

The Fascist press assailed France today because of her refusal to have Mr. Chamberlain mediate her friction with Italy. The press indicated it believed the visit would offer a good opportunity for discussion of the problem.

The newspapers quipped London political circles as saying Mr. Chamberlain and Mussolini will discuss "all questions interesting to England and Italy with a view to a general European clarification and continuation of the peace policy so happily inaugurated at Munich."

Italians, in the words of the press, deem their dispute with France a chief obstacle to this "European clarification" now that it has reached a point of acute tensions.

As for the meeting Mr. Chamberlain is to have with Pope Pius on Jan. 13 Vatican circles said the Pontiff would recommend that Europe settle its problems without war, but probably would refrain from talking politics otherwise.

JOLT TO APPEASE MENT:—

Reich To Build More U-Boats

BERLIN, Dec. 30 (AP)—Germany informed Great Britain today that she intends to build up to parity with the Royal Navy in submarines, the dread German Great War weapon.

When Germany signed a naval treaty with Britain in 1935 she agreed to limit her new U-boat fleet—which has sprung from nowhere in the last three years—to 45 per cent of Britain's submarine tonnage.

The pact with Britain, however, recognized Germany's right to parity, and there was an escape clause which permitted the Reich to build beyond the 45 per cent in the event of a situation arising which in its (the German Government's) opinion makes it necessary.

To Double Tonnage

Today's announcement means Germany intends to more than double her present submarine tonnage, in construction or complete, of about 31,000 tons, since Britain's is about 70,000.

(London political observers felt Germany's demand was a new jolt to Prime Minister Chamberlain's appeasement policy. British officials explained Germany was taking advantage of a loophole in the 1935 treaty. They said Germany's reasons were "very general.")

The British and German Admiralties are discussing the matter in the light of naval treaties existing between Berlin and London.

Parity with Britain in submarines presumably would not alter the limitation of Germany's total naval tonnage to 35 per cent of Britain's as specified by the 1935 pact. Germany has not built up to 35 per cent.

Larger Cruisers

Germany, however, apparently desires also to build more 10,000-ton cruisers. She is limited in this class to three by a supplementary 1937 treaty with Britain, provided that Soviet Russia builds no more than five. This matter has been raised by the Germans, although just what they want is not clear.

Germany has 43 submarines, totalling 16,445 tons, completed, and 28 more either under construction or planned. Twenty-four of the 43 are small, swift, 250-ton craft. Her heaviest undersea boats are of 740 tons, of which 13 are either built or planned.

Germany announced her intention to a mission of British naval experts from London, just arrived.

Canadians To Give Welcome To New Year

(By The Canadian Press) Canadians can go roller skating tonight for 25 cents or dance in the best hotels for \$7.50. But no matter how individuals step out, indications are this New Year's eve will be celebrated very efficiently throughout the Dominion with the same boisterousness as in previous years.

The fact that Jan. 1 this year falls on a Sunday when most municipalities in Canada clamp down restrictions on after-midnight frolics in public places, apparently will have little effect on the usual hurly-burly of welcoming.

(Continued on page 3, Col 3)



New Year's Greetings From Premier Campbell To "Guardian" Readers

The Premier and Government of Prince Edward Island wish all the readers of The Guardian a very Happy New Year.

We pause on the threshold of 1939 to review the events and achievements of the past year.

Agricultural conditions in the Province have been marked by a summer of bountiful rainfalls and abundant crops. The prices of farm produce, with the exception of oats, have also maintained a reasonably good level. Even the low market price of oats has its compensating advantages, as it encourages farmers to use a greater amount of grain in the raising and fattening of livestock and poultry.

The livestock, dairying, and poultry industries continue to be the backbone of the Island's agriculture.

In the silver fox industry, a policy of systematic cooperation among the breeders and ranchers is leading to an improvement in the quality of silver foxes and their pelts. The results of this policy are reflected in the excellence of the animals and pelts displayed at exhibitions, demonstrations, and pet shows.

The tourist industry has continued to make rapid strides. This industry is coming to be one of the most important economic assets of Prince Edward Island, and of Canada as a whole. The development of the National Park, the inauguration of a ferry service at Wood Islands, the improvement in transportation of automobiles at Borden, and the progressive construction of hard-surfaced trunk highways throughout the Province



HON. THANE A. CAMPBELL, LL. D., PREMIER

will undoubtedly stimulate a rapid increase in this important industry. The tourist trade is not only of great benefit to those who are directly concerned in catering to visitors but it provides an important home market for large quantities of agricultural, dairy, and fishery products.

The people of Prince Edward Island, in common with all citizens of Canada, look forward with great interest to the visit of Their Majesties, the King and Queen during the course of the new year.

It is also anticipated that fitting ceremonies will celebrate the 75th anniversary of the meetings of the Fathers of Confederation at Charlottetown in 1864.

I again take much pleasure in wishing a Very Happy New Year to all the readers of The Guardian and to the people of Prince Edward Island.

THANE A. CAMPBELL, Premier

THE CAR LEAVY SAILINGS

Leave Borden 9.45 a. m. 1 p. m.
Toronto 11 a. m. 3.05 p. m.

(Canadian Press)

TORONTO, Dec. 30—Aluminum and maximum temperatures:—

Dawson	48B	32B
Victoria	46	48
Edmonton	23B	4B
Regina	34B	2B
Winnipeg	28B	12B
Toronto	11	21
Ottawa	2B	Zero
Montreal	Zero	14
Quebec	16	30
Saint John	14	39
Halifax	10	32
Charlottetown		

FORECAST

Maritime East: Strong northwest to west winds; partly cloudy and colder with scattered snow-furries.

High tide this afternoon at 5 and tomorrow morning at 6:26. Sun sets this afternoon at 4:27 and rises tomorrow morning 6:27:38.

Full moon, January 5, 5:30 p. m. Summerside tide eighteen minutes later than Charlottetown.

Injured Man Taken From Sable Island

HALIFAX, Dec. 30 (CP)—Department of Transport officials at Halifax announced today the Canadian Government Steamship Lady Laurier had reached Sable Island and removed a stevedore suffering from a fractured leg.

The man, Fred Savage, broke his leg Tuesday and after setting the fracture, Superintendent Don Johnson wireless Halifax for aid. High seas prevented the Laurier from landing a boat previously and fog kept a Royal Canadian Air Force plane from flying to the island, known as the graveyard of the Atlantic.

The Laurier reached there early this morning after lying off the Nova Scotia mainland last night and is expected to reach Halifax late tonight. Savage will be taken to hospital.

MONDAY
Being A
PUBLIC HOLIDAY
The Next Issue Of
THE GUARDIAN
Will be on Tuesday
January 3