

A new year is a welcome opportunity to break away from past hindrances.

Hope springs eternal in the human breast, especially as the old year begets the new.

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GERMAN WARSHIP SEIZES SPANISH SHIP BRITAIN GREET'S 1937 AS "PROSPERITY YEAR"

BRITISH TRADE AWAY TO A FLYING START

Decrease in Unemployment. Heavy Expenditure For Armaments Revealed.

LONDON, Jan. 1.—British trade is off to a flying start. On all sides 1937 is greeted as a prosperous year.

In the 12 months just closed British industry touched levels without precedent. Over the whole year employment rose approximately five per cent.

Bank of England figures show sales of men and boys' wear during November were 13 per cent higher than in November, 1935.

South Wales, where valleys of distress sear the rolling hills, already has a new year's order from the Portuguese state railways for 100,000 tons of coal.

Yet while the country rejoices in the return of better times there is another side to the picture. Britain still holds first place in world trade.

Heavy expenditure for armaments is revealed in returns of the national revenue expenditure. Despite satisfactory increases in revenue the deficit for the nine months ended Dec. 31 was \$24,800,000 higher than for the corresponding period of 1935.

Roosevelt Confers On Social Legislation

(A.P. by Guardian's Special Wire) WASHINGTON, Jan. 1.—A source close to the White House disclosed today that President Roosevelt had conferred with other United States administration leaders on a tentative plan for abolishing child labor, shortening working hours, and raising "starvation wages."

Although details of the plan remained to be worked out by legal experts, its chief features were: 1. A federal regulatory agency with broad powers to fix minimum wage and hour standards for all firms engaged in interstate commerce.

Purely local enterprises would be exempt, but major industries—such as steel, coal, automobiles, and textiles—which vitally affect the entire United States would be defined as part of interstate commerce.

NO HOPE HELD FOR RECOVERY OF POPE PIUS

VATICAN CITY, Jan. 1.—(AP)—Pain returned to trouble Pope Pius XI tonight after a New Year's Day made cheery by a rally in his health and spirits.

Attendees said the Pope was again suffering to some extent from a varicose condition in his left leg. Dr. Amintore Milani, the Holy Father's physician, previously had expressed relief at a clearing up of the local circulatory condition affecting this leg.

His optimism was restrained, however, and it was known he feared the arterio sclerosis (hardening of the arteries) with which the Pope is afflicted was so far advanced that there could be little hope for real recovery.

Nevertheless, the fact that the Pontiff slept virtually all last night for the first time in weeks aroused hope in the Vatican that he might once again take over full administration of the Holy See.

Today the Holy Father listened to early Mass said near his bedside by one of his secretaries, talked with Eugenio Cardinal Pacelli, and received the New Year wishes of his sister, Donna Camilla Ratti, who was permitted to visit him briefly.

RECEPTIONS FEATURE NEW YEAR'S DAY

Large Attendance At Government House And Mayor Turner's Reception Yesterday.

New Year's Day was observed quietly in Charlottetown. Principal social functions were the receptions at Government House and at the Canadian National Hotel where Mayor P. W. Turner received.

500 persons, representative of the Government, Church, professional and business life of the Province attended the reception at Government House.

The more than a century old Government House was gaily decorated for the occasion. The guests were received by His Honour Lieutenant Governor George D. DeBlois and Mrs. DeBlois. The Lieut. Governor was attended by his aides, Capt. Roland Paton, M. C., Col. G. E. Full, Major W. J. McDonald and Lt. H. A. C. Sobah, R. C. N. V. R. and his private secretary, Mr. M. Alban Farmer.

Presiding over the coffee cups were, Mr. Murdoch MacKinnon and Mrs. Paul A. Murray. Those ushering into the Dining Room were, Mrs. Noel H. DeBlois and Miss Beatrice MacKinnon.

Assisting in serving were: Mrs. Robert L. Cotton, Mrs. J. Rowland Paton, Mrs. G. E. Full, Mrs. E. E. Miles, Miss Queenie Jenkins, Miss Nora Jenkins, Miss Lena MacLure, Miss Doris Frowse, Mrs. F. S. Fielding, Mrs. P. A. Creelman, Mrs. James E. Harris, Mrs. P. D. Williams, Mrs. F. I. Andrew, Mrs. R. T. Holman, Mrs. Lorna Weeks, Mrs. H. R. Large, Mrs. E. F. Seller, and Mrs. W. J. MacDonald.

Music was furnished by Blanchard's Orchestra. Charlottetown citizens, 500 in number, attended the New Year's reception at the Canadian National Hotel. Receiving with Mayor Turner were Mrs. Turner and City Clerk, Mr. George P. Nicholson.

Mrs. G. A. Hennessey and Mrs. G. P. Nicholson ushered. Mrs. G. W. McLeod poured tea and Mr. E. A. Foster cut the ices. Those serving were Mrs. Heath McIntyre, Mrs. R. C. Chandler, Mrs. Henry Laphorne, Mrs. H. S. Vandierstine, Mrs. K. M. Martin, and Mrs. H. A. Messervy.

King George Sends Cretings

LONDON, Jan. 1.—King George VI last night issued a New Year's greeting to the Empire, reading: "In this first New Year's Day of my reign I send all the peoples of the Empire my warmest wishes for their welfare and happiness."

"In succeeding to the Throne I follow a father who had won for himself an abiding place in the hearts of his peoples and a brother whose brilliant qualities gave promise of another his toric reign. His reign was cut short in circumstances upon which, from their very sadness, none of us would wish to dwell."

"I realize the full responsibilities of my noble heritage. I shoulder them with all the more confidence in the knowledge that the Queen and my mother, Queen Mary, are at my side. "Throughout my life it will be my constant endeavor to strengthen the foundations of mutual trust and affection on which relations between the Sovereign and people of the British Empire so happily rest. I ask your help toward fulfillment of this purpose, and I know that I do not ask in vain."

"To repeat the words used by my dear father at the time of his Silver Jubilee, my wife and I dedicate ourselves for all time to your service and we pray God may give us guidance and strength to follow the path that lies before us."

REV. THEODORE GALLANT DIES AT MT. CARMEL

Beloved Parish Priest Passes In 66th Year—Funeral On Tuesday.

Rev. J. Theodore Gallant, beloved pastor of Mt. Carmel Parish, died at the Paragon Hotel yesterday afternoon after a lingering illness.

Rev. Father was born at Abram's Village on October 3, 1871 and was the son of the late Mr. and Mrs. Sylvain E. Gallant. He received his primary education at the district school and later attended St. Dunstan's University, Charlottetown and St. Mary's College, Church Point, N. S. After a period of illness Father Gallant was for four years a student at Grand Seminary, Quebec.

On July 29, 1900, Father Gallant was ordained to the holy priesthood in his native parish church at Egmont Bay by Bishop J. C. McDonald.

BRITISH SHIP FIRED UPON BY FASCISTS

British Warships In Spanish Waters On Alert Following Latest Marine Incident.

LONDON, Jan. 1.—(CP)—British warships in Spanish waters were put on the alert tonight after a new marine incident involving a British ship while advising from Berlin indicated Germany still was reluctant to cut off the flow of volunteers to the Spanish civil war.

The steamship Etrich, bound for Liverpool from Halifax, encountered Spanish insurgent trawlers in the Straits of Gibraltar and was halted by a blank warning shot, naval officials said.

Lloyd's advisers said the Etrich was permitted to proceed after her master had refused to submit the ship's papers to the commander of one of the trawlers.

British men of war charged with protecting English shipping off the troubled coast of Spain were informed of the incident by the Admiralty, although it was said no drastic representations were contemplated for the time being.

The Etrich is a 1,934-ton freighter owned by the Moss Hutchinson Line. She immediately went to Gibraltar where the Captain notified authorities of the incident.

The Etrich is expected to arrive at Liverpool, its home port, next Tuesday or Wednesday. A Gibraltar dispatch declared a squadron of armed insurgent trawlers halted the 1,934-ton Belgian freighter Navex and forced it to make port yesterday at Ceuta, Spanish Moroccan insurgent stronghold.

"LITTLE WORLD WAR" In the face of continuing complications for the Franco-British plan to stem the influx of foreign volunteers who have made the Spanish conflict a "little world war," London and Paris went ahead with parallel proposals to bar arms imports from the fighters. New and undisclosed suggestions along that line were forwarded to both the Socialist Government and the Fascist insurgent Commander, Generalo Francisco Franco.

Arrested For Murder Committed In 1906

(C.P. By Guardian's Special Wire) KIRKLAND LAKE, Ont. Jan. 1.—Rocco Esposito, alias Strange, arrested last night in this northern Ontario mining town on a charge of murdering a Newcastle, Pa. Italian in 1906, was taken to the district jail at Halleybury today by Frank Costa, special investigator for the Pennsylvania Justice Department.

Esposito, resident of Kirkland Lake district for the last 15 years, was taken into custody by Costa and Constable Alex Wilson of the Criminal Investigation Department of Ontario Provincial Police.

The arrest followed an 11-months search by Costa, latest investigator into the murder of Francesco Romeo. The two officers left for the north Wednesday after consulting with officials of the Ontario Attorney-General's Department. They obtained a provisional warrant of arrest from Mr. Justice Keiller MacKay of the Ontario Supreme Court.

AUTHORITIES AWAIT "BREAK" IN KIDNAPPING

Fears Arise For Safety Of Charles Mattson. Abduction Believed Work Of "Amateur."

TACOMA, Wash., Jan. 1.—Police seized a suspect in the Charles Mattson kidnaping case here tonight, took him before Federal Bureau of Investigation agents at headquarters and then sent him to the identification Bureau for fingerprinting and photographing.

Persons who saw him said his appearance corresponded closely with the description given of the man who broke into Dr. W. W. Mattson's home last Sunday night and carried away the 10-year-old Mattson boy in the presence of his brother, sister and her girl chum.

TACOMA, Wash., Jan. 1.—An air of pessimism appeared tonight in the lengthening wait for a "break" in the kidnaping of 10-year-old Charles Mattson.

Fear for Charles' safety arose in one quarter as the family maintained a silence indicating it was awaiting an overdue move from the abductor, who seized the boy last Sunday night in the living room of his home, and left a ransom demand for \$28,000.

Reprisal Action Taken Against Bilbao Regime

Growing Tension In International Situation Farther Aggravated By Nazis Action.

BERLIN, Jan. 1.—(CP)—For the first time since the Great War a German warship today seized a foreign vessel at sea, invoking reprisals against the Spanish Socialist Government which last week sequestered the Nazi freighter Palos.

A brief, semi-official communique announced capture of the Spanish ship. The Foreign Office declined to add further details, but the seizure was stated to be in retaliation for the Bilbao Government's refusal to surrender the cargo and a passenger of the Palos.

The vessel, the communique said, was a "Red Spanish Steamer" and was taken prisoner to emphasize the German Government's determination to regain the Palos' cargo and the passenger, an unidentified Spaniard.

(The Paris newspaper Le Journal, in a London dispatch, said the Koenigsberg put several shots across the bows of the Spanish freighter, Soton, near Santander, and then took the ship to an unnamed Spanish insurgent port.

(The Reuters News Agency said in a Berlin dispatch that the captured steamer was believed to be the Aragon.) The Palos itself was released by the Bilbao captors at the demand of the German Government, which dispatched the warship Koenigsberg to the Bay of Biscay to back up its virtual ultimatum.

The Koenigsberg and the pocket battleship Admiral Graf Spee were said to have participated in today's seizure, first of the retaliatory measures threatened by the Koenigsberg Commander Wednesday.

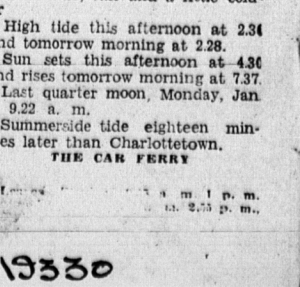
Warned of Reprisals The Commander had warned of reprisals if the Palos' cargo were not released, and the apparent intent of the Bilbao authorities to ignore the warning presumably inspired today's incident.

TWO SAFES TAKEN FROM NORTH RIVER

Two safes, stolen from the office of the Baird Drug Company, Charlottetown, and from Cutcliffe's general store, Fredericton, were recovered from the waters of North River Thursday by C.N.R. Diver George Ceretti, Borden. The burglars had removed money from the safes but valuable papers and ledgers were found to be intact and in a fair state of preservation.

A third safe, taken from the Imperial Oil Company office, Charlottetown, was also recovered.

(Continued on page 9)



COMING EVENTS

- Geo. LeGuer Co., (next Queen Hotel) now buying all kinds of dressed poultry. Try us. L-954-12-2-11.
\*\*Poultry — Buying Poultry all kinds, daily. Paying highest market prices. Island Cold Storage Co., Ltd. L-1828-12-30-11.
\*\*Dance in Tarantum School Thursday, January 7th. Not fine Friday. Admission 20 cents. Lunch free. L-1927-1-2-5-8.
\*\*Annual Meeting Wiltshire Dairying Co., will be held in the hall on Monday, January 11th, at 2 P. M. Roland Easter, Secretary. L-1931-1-2-4-1.
\*\*A joint meeting of Live Stock Branch and Live Stock Co-operative Marketing will be held at Powna Hall, Monday, January 4th at 7.30. Should the day prove rainy this meeting will be held on Tuesday at the same hour. L-1936-1-2-11.

"50,000 Air Hawks In 1937" Slogan Of Soviet Russia

(A. P. by Guardian's Special Wire) MOSCOW, Jan. 1.—The Soviet Union today pushed a movement to train 50,000 airplane pilots, an idea which originated from the suggestions of obscure munitions workers.

Throughout the country has spread the slogan, "50,000 air hawks in 1937." This is Russia's reply to the recent assertion of Germany's General Goering that Germany must train 70,000 pilots.

The plan originated in the Menzhinsky airplane factory here in a meeting of workers called to discuss the new Soviet constitution. Its author was Nikolai Nikitich Krupchatnikoff, 45-year-old factory hand.

"The German Fascist General Goering has declared Germany must train 70,000 pilots," he said. "The answer should be given Goering that the Soviet Union will train 50,000 pilots within the shortest period of time. They should be trained without abandoning their work at the factories or in the fields. We workers of the aviation industry will supply our country with the most perfect planes, which like hawks will destroy the enemy in the air."

INCORPORATED HERE

OTTAWA, Dec. 31.—Notice of the incorporation of the Imperial Oil Shipping Company Limited, Charlottetown, with a capital of \$10,000,000 is contained in today's Canada Gazette.

Nine Fatalities In New Year's Revelry

By The Canadian Press Welcomed by the wildest celebration since pre-depression days, young 1937 swept merrily on his way today while Canadians sought recovery from revelry and rejoiced in the low death toll from the mad celebration.

A coast-to-coast check last night showed nine accidental deaths, five of them in Ontario, where the weather was more like spring than January. Sub-zero temperatures prevailed across the Prairies while British Columbia's weather was crisp. From Ontario to the Maritime the weather was mild.

International Force Aids In Halting Fascist Drive

MADRID, Jan. 1.—A strong insurgent drive on Madrid from the southwest has been halted in stiff international fighting, Government dispatches from Cordoba Province said tonight.

Government forces, in a counter-attack aided by warplanes, used bayonets to drive the insurgents back in the Montoro sector, the dispatches said.

International forces participated in a stiff battle between Bujalance and Villa del Rio, other reports stated, in which insurgent units were dispersed and seven machine guns captured.

(The Socialist Government, which has formed international brigades made up of volunteers from Russia, France, Britain and other countries, has charged the new Fascist drive from Cordoba Province was reinforced with German troops.)

Moderate to fresh winds; fair and a little colder. TORONTO, Jan. 1.— Minimum and maximum temperatures: Dawson 28 36 Victoria 28 36 Vancouver 20 40 Edmonton 24B 32 Regina 4B 6B Winnipeg 24 34 Montreal 26 36 Quebec 22 34 Saint John 34 46 Halifax 40 48 Charlottetown 32 42 Maritime East: Moderate to fresh winds; fair and a little colder. High tide this afternoon at 2:34 and tomorrow morning at 2:28. Sun sets this afternoon at 4:36 and rises tomorrow morning at 7:37. Last quarter moon, Monday, Jan. 4, 9:22 a. m. Summerside tide eighteen minutes later than Charlottetown. THE CAN FERRY