THE EUROPEAN OUTLOOK.

FRANCO-ITALIAN RELATIONS.

Germany's Great War Power.

LONDON, Jan. 1.-Although relations between France and Italy are still strained, a settlement before long is by between France and Italy are still published today.

The British Ministers vill arrive in Rome to it under the Anglo-German Naval to the British Empire—a right reserved to th

Well-informed circles, however, do not mit Italy will break the peace over mit. They believe the Duce is exploiting the "nuisance value" of his claims, ping France will buy him off, which ance is unlikely to do. She is slowly raining confidence and has new hopes financial stability, aided by Dutch and riss bankers granting credits. In addition no political group, from the extense Left to the Right, would tolerate seeding of French territory to Signor issolini.

Berlin's Trade Drive. Europe's real problem, however, remains Germany, whose Fuehrer keeps the world guessing. Rumour continues rife regarding penetration of the Ukraine, thrusts towards Rumania and Poland, the acquisition of Memel and a drive westwards, if not by force of arms by bringing Holland and Switzerland under the Reich's domination. Herr Hitler alone knows the answer, to which he has not so far given a clue.

given a clue.

A feature of the quarterly and monthly reviews just issued is the emphasis placed on Germany's capacity to wage war. The "Nineteenth Century" asserts that Germany is moulding the most terrible war machine the world has known, while in five years her economic measures have built up most potent sinews of war. Unless Britain forestalls her south-eastern trade drive, the periodical states the less Britain forestalls her south-eastern trade drive, the periodical states, the British navy will never again be able to blockade Germany, who will dictate to Britain. Germany's Austrian and Gzed acquisitions have increased her steel production from 20,000,000 to 25,000,000 tons annually. She acquired £17,000,000 of gold currency and a further 10,000,000 of propulation. Even Haby's trade, to annually. She acquired £17,000,000 of gold currency and a further 10,000,000 of gold currency and £1,000,000 of gold currency and £1,000,000 of Greating £1,000,000 of F1,000,000 of F1, plea that the Russian submarine fleet is the world's bigget is unconvincing. In-evitably the new request raises the sus-picion that her motive is to assist Italian ambitions in the Mediterranean as Italy assisted Germany's on land. It should be made clear to Germany that her naval intervention might complicate Mediter-ranean problems and raise grave doubts as to the sincerity of her renunciation of Aleace and Lorraneand. tion of political disinterestedness in western Europe. Mr. Chamberlain's wisdom in concentrating on the improvement of Anglo-Italian relations is now evident, because if Germany became directly or indirectly a Mediterranean sea power it would undermine the basis of many hopes."

CORSICA'S FUTURE.

"WILL NEVER BE CEDED."

M. Daladier Begins His Tour.

AJACCIO (Corsica), Jan. 2.—The French Prime Minister (M. Daladier), who arrived today to tour Corsica before visiting Tunis, declared in an address to thousands who welcomed him:—"Corsica is a province of France. Everyone within and without France would do well to bear that in mind. It will never be ceded."

A record crowd cheered, waved flags and threw up hats as M. Daladier disembarked from the cruiser Foch. He



passed in procession under a symbolic Arc de Triomphe and reviewed garrison troops. The Deputy-Mayor greeted him, and those present included all the laiand's mayors and councillors.

M. Daladier said: "France is strong. The five warships lying in the roadstead prove it to you. They are watching over you. Fishermen can return to their boats, shepherds to their flocks and farmers to their ploughs with a perfect sense of security."

security."
The Deputy-Mayor handed a Corsican vendetta dagger to M. Daladier, who made a gesture of cutting his throat, upon which there were cheers and the "Marseillaise" was sung.
At 11 a.m. M. Daladier embarked for Bastia, where he is due this afternoon.
ROME, Jan. 1.—The French Ambassador (M. Francois Poncet), in an address to the French colony today, declared: "France will not buy peace at any price." nony, her moral and material heritage."
Affirming that diplomatic efforts to each a solution of the Franco-Italian lispute continued, he said: "Although here may be differences we will not handon hope for a settlement, but feel onfident Frenchmen are ready to defend colours if necessary.

UNSATISFIED DICTATORS.

"The Times" is Not Optimistic. LONDON, Jan. 2.—In a leading article "The Times" points out that the unifica-tion of the German race has not ex-hausted Herr Hitler's ambitions, while Signor Mussolini has shown that Paccisn is not the satisfied Power he once de scribed it.

scribed R.

"Here is no substantial basis for in-ternational stabilisation," the newspaper declares. "1939 cannot be entered opti-mistically, but firmness may overcome the differences threatening peace, though con-ciliation depends on reciprocity for ful-filment. Peaceful action must be contructive. If we have now to meet force structive. If we have now to meet force with force it will be partly our fault. We must co-operate with other nations, despite the haste and crudity of the recent European adjustment. Unless they are to descend to jungle level the nations must live as a community."

VISIT TO ROME.

BRITISH MINISTERS' PLANS.

Discussing the Spanish Problem. ROME Jan. 2.- The official programme

guished guests. They will visit Signor Mussolini at the Palazzo Venezia and

dition no political group, from the extreme Left to the Right, would tolerate the ceding of French territory to Signor Mussolini.

Nevertheless the French are willing to make concessions to Italy, provided they are not territorial and do not constitute a surrender to bullying. Ultimately the French will be ready to negotiate an arrangement regarding the Jibutt railway (which runs from French Somaliland into Abysainia), Italian representation on the Suez Canal Board, the lowering of dues and adjustment of Italians' rights in Tunis.

Meanwhile France has asked for Brittain's aloofness from the Italo-French quarrel. The French believe that so long as Britain does not intervene Germany will maintain her refusal to enter what she calls a Mediterranean dispute, whereas if Britain should back France the Germans might support Italy, compelling France to man the Maginot Line.

The British Frime Minister (Mr. Chamberisin) hopes his impending visit to Rome will result in Italy's withdrawal from the Spanish war. This would not merely strengthen Angio-Italian relations but would be a most important factor in assisting towards an Italo-French rapprochement, which is impossible so long as the Italians are in Spain.

Berila's Trade Drive.

Empreyed men Left to the Right, would tolerate the constancy in the evening. On January 14 they will leave to mome.

LONDON, Jan. 2.—"The Times" points or home.

LONDON, Jan. 2.—"The Times" points of the the that that the proparame will enable ample unettings with Signor Mussolini with the presumably will be arranged as the distinct that the proparame will enable ample the that that the proparame will enable ample to home.

LONDON, Jan. 2.—"The Times" points of the tensetings of home.

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(Frem Our Special Correspondent.)

LONDON, Jan. 2.—The haste with which Italy published elaborate details of the programme for the visit by the British Ministers to Rome is believed to have been due to the knowledge that a section of the British Cabinet favoured the Prime Minister (Mr. Chamberlain) cancelling the trip, fearing he might conclude another "Munich Agreement," bringing back merely another piece of paper and might possibly concede portion of British Somaliland, the boundary of which has not yet been exactly outof which has not yet been exactly ined.

Mr. Chamberlain, however, is determined to go to Rome.

THE NEW RUMANIA. STATEMENT OF POLICY.

Refusal of Frontier Revision.

LONDON, Jan. 1.-In a New Year's message, the Bukarest correspondent of the "Daily Telegraph" reports, King Carol's Minister for Defence (M. Ciu-percu) declares that armed forces at the

policy.

"King Carol urges prayers for peace in 1939 in order to enable the army to ensure preparedness for troublous times."

M. Clupercu writes. "The country's borders are traced by crosses under which hundreds of thousands of heroes sleep. They must remain Rumania's eternal frontiers."

frontiers."
The national policy embodies securing peace by preparing for war, and consolidating the National Renaissance Front, replacing all former political parties, and refusing frontier revision, M. Ciupercu declares. Rumania will resist armed attacks or subterranean influence from abroad. from abroad.

The Iron Guard (the banned Pascist

anisation) seems entirely prostrate, body has succeeded M. Codreanu, its leader, who was recently shot while at-tempting escape from custody. Mass peti-tions begging for royal clemency pour in from the gaols where the conspirators are

correspondent states, have eliminated the crippling political uncertainties and secured tranquility, but he is still elaborately guarded, police lining the streets when he goes to Sinal. Humanity marks his anti-Jewish measures. No racial Aryan standards are being created. It is feit that international action should open new territories for Jewish migration. There is a desire to improve relations with Hungary in order to remove trading and travel barriers. Rumania must be friendly with Germany but will preserve liberty of action. Hungary, although more closely connected with the axis, also desires to preserve her nationalism and traditions. She and Rumanis must, therefore, manoeuvre adroitly, for they face the same potential peril.

ARAB AMBUSH.

Police Superintendent's Death.

JERUSALEM, Jan. 1.—A strange fea-ture of the death of District Police Superintendent G. D. Anderson, who was murdered in an ambush by Arabs on the Nablus-Jerusalem road during the night, was that the party with which he was traveiling was fully prepared for attack. The party included the Chief of Police in Palestine (Sir Charles Tegart), Major

others.

Sir Charles's car was preceded by armoured cars bringing a party of police and army officers from a visit to Haifs. When they encountered a barrier of stones across the road police from the armoured cars went to remove them and Superintendent Sanderson was moving to join them when a volley rang out, killing him. him.

Police and army officers gave chase and opened fire, but the Arabs escaped in the

FLIGHT TO AUSTRALIA

Record for German Airmen Claimed

BERLIN, Jan. 1.—It is claimed that two German airmen—Lieutenants Pulkowski and Jennett—who are flying to Australia in a two-seater plane, have broken the world record for a long-distance flight in a light machine by covering 4,000 miles non-stop between Bengahazi (Tripoli) and Gaya (India). The flyers were on the fourth lap of their journey from Germany to Australia. They flew blind for two nights, encount-seed adverse winds and sandstorms, and

SUBSIDISED SHIPPING

Possible British Counter-move.

LONDON, Jan. 2.—The City editor of the "Daily Mail" reports that the crea-tion of a fighting fund of several million pounds to help the liner section of British shipping to resist the threats by subsi-dised companies all over the world is under discussion in London and Liver-Oct.

The proposed fund is not regarded as subsidy but as a bargaining weapon to mpel foreign competitors to see reason.

PLANES IN MASS.

Five Hundred in Miami Flight.

SUBMARINE EQUALITY.

REACTIONS TO NAZI CLAIM.

Effect on Britain's Programme.

LONDON, Jan. 2.—Commenting on the Proreign Secretary (Viscount Halifax) was marine fleet to a tonnage equalling that published today. used for the entertainment of distinguished guests. They will visit Signor Mussolini at the Palazzo Venezia and will be the Duce is exploitively believe the Duce is exploitively of his claims, nee will buy him off, which mikely to do. She is slowly infidence and has new hopes stability, aided by Dutch and or granting credits. In additional group, from the extension the tribung of Rome's reception and give a banquet at the British Embasy in the evening. On January 14 they will leave to the Right, would tolerate of French territory to Signor Mussolini at the Prench are willing to sit the Prench are willing to store to the Right, would tolerate of French territory to Signor Mussolini will be arranged as the discussions develop. "It is a certainty," the paper states, "that the Spanish problem will figure largely in the conversations. It is specially interesting to expectation on the Italians' rights in Relative that the programme will enable ample to the total submarine ton-inage equal to the total submarine ton-inage possessed by members of the British in the vent of a situation arising which in the vent of a situation arising wh programme for the current year if Ger-

Construction of Destroyers.

Mr. Bywater points out that Germany, Italy and Japan possess 264 submarines, while Britain has only 178 destroyers, some of them obsolete, compared with 357 in 1914. The majority of British officers with wartime experience, he states, are urging the construction of anti-submarine forces, in the shape of a large number of medium-size destroyers, of which 50, between 800 and 1,000 tons each, would be welcome. Possibly 24 to 30 of these will be ordered this year, an order which would be well within the capacity of the shipbuilding industry if the design were simplified and the equipment standardised. Mr. Bywater adds that the destroyers at present building are virtually small cruisers of 1,680 to 1,920 tons.

The Berlin correspondent of "The Times" states that Germany is anxious to build 1,000-ton submarines and is not

to 1,920 tons.

The Berlin correspondent of "The Times" states that Germany is anxious to build 1,000-ton submarines and is not expected to modify its attitude when it defines it by way of a Note to Britain in the next few days.

The "Manchester Guardian" says it is believed that Germany is waiving her claim to build two additional 8-inch gun cruisers, after assurances from the British naval delegates at the Berlin corference that Russia is not building secretly similar vessels for use in the Baltic. However, Germany is still adamant on the question of submarine equality.

The diplomatic correspondent of the "Daily Herald" states: "Germany intimated her submarine claim to Britain on December 12, which was the day before Mr. Chamberlain's speech to the Poreign Press Association. The German announcement bitterly disappointed Mr. Chamberlain, who regarded the Anglogerments major successes. He decided to keep the affair secret until fuller information was received from Berlin, but the announcement illuminates passages in his speech in favour of disarmament, which were obviously directed to Herr Hitler.

The Spanish Danger.

The Spanish Danger.

Mr. Vernon Bartlett, M.P., in an article in the "News-Chronicle," says that the more submarines Germany possesses the more obvious will it become that a Franco victory in Spain will be a terrible danger to Britain, as German submarines operating from their already prepared bases in Spain will menace British shipping in West African waters and threaten the Cape route, while Italy blocks the Mediterranean, rendering the blockade and starvation of Britain more successful than in 1917. Although Germany's present submarines are mostly small, Mr. Bartlett says, they are capable of operating off Spain and have already carried out exercises from the Canaries.

PARIS TAKES IT CALMLY.

King Carol's courage and initiative, the correspondent states, have eliminated the PARIS, Jan. 1.-The German naval

MOSCOW COMMENT.

"So-called Policy of Appeasement." MOSCOW, Jan. 1.—"Pravds," com-nenting on Germany's intention to build up her submarine fleet and her desire to necrease her ratio of A-class cruisers and make other modifications, states that it must not be forgotten that Germany requires a powerful submarine fleet in order to realise her African ambitions and adds that Germany again demonstrates what may be expected from he so-called policy of appeasement.

"UNBEATABLE" FLEET

U.S. SENATOR'S ADVOCACY.

Five-point Defence Programme.

WASHINGTON, Jan. 2.—Asserting the American people believed war was inevitable, Senator Walsh, chairman of the Senate Naval Affairs Committee, last night urged that the navy be built up beyond treaty strength if that were necessary, to make it unbeatable. He outlined a five-point defence plan covering enlargement of the navy, army and air force, strengthening of coastal defences, and mobilisation of industry.

Senator Walsh's forthright statement, emphasising particularly the seriousness of the dictators' influence in South America, coincided with revelations of intimidation of delegates to the Pan-American Conference at Lima (Peru). Senator Walsh said the conference forcibly drew attention to the inroads of the Pascist Powers in South America. "There are limits within which our good neighbour policy can safely be pursued," he said. "The germination of hostile feelings in the Americas making possible the establishment of air and naval bases, can only be constructed as a threat against our national security."

AN ANSWER TO AMERICA.

German Menace Denied.

BERLIN, Dec. 31.—Captain Kupper, who is attached to the German Baltic Squadron. in an article in the "Koelnische Zeitung," says:—"The American thesis that the totalitarian States are threatening the American States cannot be substantiated when building programmes are considered." He says Britain and the United States have many more vessels building or ordered than German and Italy, and adds that the expenses of the China war will probably dislocate Japan's building programme. cate Japan's building programme, ear-Admiral Brueninghaus, in an ar-in the "Berliner Tageblatt," contests the view held in certain British naval circles that the submarine is not now a menace. The Hampshire, containing Lord Kitchener, he says, was sunk in 1916 by a mine laid by a German sub-

REVELRY AND TRAGEDY.

NEW YEAR'S EVE IN U.S.A.

Death's Untimely Harvest.

NEW YORK, Jan. 1.—During celebra- LOYALIST RESISTANCE. for the visit to Rome of the British German Government's notification to tions on New Year's Eve 113 Americans Prime Minister (Mr. Chamberlain) and Britain that it intends to build up its sub-The proprietor's wife and three children

THE NATIONAL REGISTER.

NEW POLITICAL GROUP The correspondent of "The Times" at rebel Saragossa, in a dispatch tonight, says:—"Except in the north, three days of brilliant sunshine have favoured the progress of General Franco's offensive, permitting full exploitation of attention

weakness of the country's the trend in foreign policy.

HOLIDAY ACCIDENTS.

FIFTY DEATHS IN VICTORIA.

Tragedies Since Christmas Eve. MELBOURNE, Jan. 2.—With 50 deaths PARIS, Jan. 1.—The German navai from holiday accidents since Christmas claims have been taken calmy here, although they are not relished. It is believed, however, that Britain is determined that her navy should not lose its relative strength. Nevertheless, substantial modification of the French naval plans is expected in order to prevent a slos six Victorians killed in accidents in other States.

GRAND PRIX TRAGEDY of Cube

Car Crashes into Posts.

ADELAIDE, Jan. 2.—Crashing successively into three posts while travelling at more than 80 miles an hour, Verney Scott Leach (about 27), single, workshop manager for Sporting Cars, of Capell-street, North Melbourne, was killed almost instantaneously this afternoon while he was driving in the second last lap of the Australian Grand Prix (150 miles) in the racing car of J. O'Dea (Victoria). Leach was driving in front of Lister Jackson (Victoria). Approaching the Gumeracha turn on the 83-mile Lobethal circuit, which was lined by about 50,000 e boole, his car left the road, skidded on the soft metal and struck three posts one after another before it rolled over, pinning Leach underneath it.

Leach suffered terrible injuries. He was rushed to the Lobethal District Hospital but was dead on arrival.

As the car struck one of the posts a cushion flew from it, striking Lister Jackson, who was close behind, on the head, but Jackson was able to avoid the car, which had been driven into second place in the South Australian Junior Grand Prix earlier in the day.

Before the crash in which he was killed, Leach had provided a spectacular incident at Kayannie corner, when his car skidded through the sandbags and travelled for about 50 yards in a ditch before regaining the road.

before regaining the road.

NAZI MINISTER IN SCANDAL.

Loss of Office Predicted.

LONDON, Jan. 2.—The "Daily Mirror" is persisting in the story that Dr. Goebbels (the German Minister of Propoganda) is involved in domestic complications following the attentions he is alcations following the securious in a la-leged to have paid to an actress and the thrashing he is said to have been given by friends of her husband. The paper predicts that the Ministry of Propa-randa will gradually pass under the conganda will gradually pass under the con-trol of the Foreign Ministry and Dr. Goebwill be reduced to the position of chief of the Nazi Party in Berlin. Her Hitler is hesitant at present about de-priving him of Ministerial rights, fear-ing that this would precipitate a party crists.

TWO MEN KILLED.

Car Overturns After Skidding.

WAR IN SPAIN.

THE CATALAN OFFENSIVE.

see before an on New Years by 113 Americans were kinds, the majority in case a mashes, were kinds, the majority in case a mashes, were kinds the majority in case a mashes, were kinds the majority in case and the second of the majority in the case and the second of the majority in the second of the secon

Tarragona's Mountain Ramparis.

REPORTED FORMATION.

Foreign Policy and Defence Issues

LONDON, Jan. 2.—The Parliamentary correspondent of the Press Association states that a new political group is being formed, consisting of members of all parties and including a number of Government members, who are disturbed by the weakness of the country's defences and the trend in formed in formed



on the Lower Ebro is becoming increasingly precarious and those near Falset are retreating. The Italians on their left finaling movement near Albages are counted for 18 deaths, including five at Chelsea. Six in the Murray and six in other country streams.

Two motor cyclists were killed during races and a jockey was killed at Horsham races. There was one snake-bite fatality and two people were burnt to death. Borjasblancas and the great Lerius and a ragona Highway. Hitherto, only two divisions of legionaries have gone into action—namely, the Littoria, wholly Italian—and the Green Arrows, which are Spanish efficered. The Italians' capture of Cubells (an important base in the Balaguer sector) has extended the rebel grasp on the loyalists round Lerids towards Artesa, an important junction connecting Barcelona with Seo de Urgel, the main loyalist base in the Pyreness."

Late this evening, a message from Barcelona stated that the Government troops were still resisting the rebel pressure and had repulsed attacks in the

AIR RAIDS ON BARCELONA. BARCELONA, Jan. 1.—Following three air raids on the city yesterday evening, when 33 persons were killed and 92 were wounded, the city was again bombed today. The casualties were four killed and 24 wounded.

The latest raid was launched shortly after the departure of the international commission which is investigating bombings in Spain.

A Valencia message says that the British steamer Mirupanu (2.539 tons) was bombed in the harbour on Friday and ed in the harbour on Friday and

BURIAL AT SEA.

Gibraltar Action Victims.

GIBRALTAR, Jan. I.—British Admiralty tugs today refloated the Spanish loyalist destroyer, Jose Luis Diez, which was intercepted by rebel warships when endeavouring to creep out of the harbour early on Friday morning, and was forced back and grounded, after having been badly damaged in the subsequent engage-ment. The vessel was towed into dock and has been interned.

has been interned.

The Jose Luis Diez had been in refuge in the harbour since last August, when she was badly damaged in a battle with insurgent craft. A waiting cordon of rebel ships caught her as she steamed with dowsed lights out from Gibraltar on Friday morning, and in the ensuing battle seven members of the crew were either killed or fatally injured. The dead were today buried at sea, off Europa Point, from the British destroyer Glowworm.

DOOMED PRISONERS.

General Franco Merciful.

LONDON, Jan. 1.—The correspondent of the "Daily Telegraph" at Hendaye (the French town on the Spanish fromtier) says that General Franco has granted amnesties to 50 men and women who had been sentenced to death. "Squalld prisons throughout Spain are overcrowded," the correspondent adds, "and there is no reason to hope that the eventual victors in the civil war will spare marked men."

CHINA AND PEACE. SWASTIKA IN PERU.

WANG CHING-WEI'S ADVOCACY LIMA CONFERENCE CONDITIONS

Optimism in Japan.

"Censorship, Intimidation, Spying" LONDON, Jan. 1.-Widespread interest has been aroused by the disclosure from Chile the special correspondents of that Mr. Wang Ching-wei, a former the "New York Times" who reported the

ernment) states that Mr. Wang Ching-wei departed from that city on Decem-ber 18 after the discovery of a futile plot to estrange the Governor of Yunnan from General Chiang Kai-shek in order to control the supply of munitions. "Mr. Wang Ching-wei has been General Chiang Kai-shek's rival for the chair-manship of the Kuomintang," he adds, "but he lacks military strength. Fur-ther defections can be expected but the

"but he lacks military strength. Further defections can be expected, but the war will go on."

Chinese newspapers in Hong Kong condemn Mr. Wang Ching-wei, recalling his authorship of the "scorched earth" policy. They allege he knew the Japanese terms before Prince Konoe spoke and that the Japanese were aware Mr. Wang Ching-wei intended to make his statement. Political observers interpret Mr. Wang's action as part of Japan's effort Wang's action as part of Japan's effort to gain a conquest without further fight-

DEALING WITH REBELS.

Arrest and Punishment Ordered. CHUNGKING, Jan. 2.-Mr. Wang CHUNGKING, Jan. 2.—Mr. Wang Ching-wei has been expelled from the Kuomintang (the National Party).

SHANGHAI, Jan. 2.—It is reported General Chiang Kai-shek has ordered the arrest of the Minister of Communications (Mr. Peng Hsueh-pei) for providing an aeroplane for Mr. Wang Ching-wei's escape.

escape.

An official communique orders the arrest of all rebels, to whom extreme
punishment is promised. No names are
mentioned, but it is interpreted as applying to Mr. Wang Ching-wei.

FINANCING THE WAR. APAN RAISING £300,000,000.

Bond Issue and New Taxes. TOKIO, Jan. 1.-In a New Year statement today the Finance Minister (Mr. S. Ikeda) said the Government was plan-ning the issue of further national bonds

valued at approximately £291,000,000 and

also tax increases totalling £11,000,000 in order to cope with the demands of

the China war and other extraordinary The current issue, he said, was being digested satisfactorily. In order to ensure the new issue's being absorbed completely the Government intended to utilise Deposit Bureau funds, also various Govern-ment moneys. The Government wished the nation to co-operate and conserve its savines in order to establish funncial savings in order to establish financial reservoirs for the disposal of the bonds. "In the future," he said, "in view of General Chiang Kai-shek's antagon-sism and the complicated international situation in China, Japan will be forced to redouble her efforts. It must be emphasised that even after the establishment of Sino-Japanese relations on the basis already outlined it will be useless to expect a rapid reduction in Japan's burdens if a large-scale renovation in East Asia is to be achieved.

Japan's favourable trade balance in to establish financial

be achieved. Japan's favourable trade balance 1938, he said, was £2,800,000, which w a rare result for a country that in recyears had had unfavourable balances, 1937 amounting to £36,000,000.

TRADE RIGHTS. British and U.S. Attitudes Similar. LONDON, Jan. 2.—"It is learnt from official sources," states the diplomatic correspondent of the Australian Associated Press, "that in rejecting the Japanese view regarding trade rights in China the United States Note to Japan of December 31 substantially represents the British attitude. It is possible a similar British Note will be presented shortly. The Government at present is awaiting the outcome of informal talks between the British Ambassador in Tokio (Sir Robert Craigle) and the Japanese Foreign Minister (Mr.

nd the Japanese Foreign Minister (Mr arita)."

[The United States Note charges Japan with unfair discrimination against American trade and commerce with China, and

BRISBANE, Jan. 2.—"You pay for dingo scalps in Australia; in China the Government pays five dollars for every Japanese scalp collected by a guerilla," said Mr. Jim Ing Tong, who is travelling to Sydney by the Changte, which arrived in Brisbane on Saturday from Hong Mong. "Every Chinese in the war zone villages has a gun. He shoots at a Japanese on sight. The war is only temporary, and the Japanese manpower is bound to be exhausted. The invaders have to maintain long lines of communication in occupied territory. The fighting inland is done by the Chinese Peace Preservation Corps, which is assisted by guerillas. Regular troops are used when opportunities offer for counter-attacks. That is the Chinese method of warefare at present."

Mr. Jim Ing Tong said that Japanese troops were being enticed farther and farther into China. Their lines of communication, 300 to 400 miles long, were constantly menaced and often broken by guerillas.

Mr. Jim Ing Tong is Australian born Mr. Jim Ing Tong is Australian born and went to China five years ago for a special course in education.

MURDER CHARGE.

Five Hundred in Miami Flight.

NEW YORK, Jan. 1.—In the biggest mass flight of civil aircraft ever made 500 planes left for Miami today for the All-America air races.

Russian Attack Probable.

Such of the cable news on this page as is so headed has appeared in "The Times" and is cabled to Australia by special permission. It should be underspectated by special

NEW YORK, Jan. 1.-In a dispatch Chinese Prime Minister, has advised Pan-American Conference last month at Diplomatic Services Recognised.

FRENCH BUDGET.

PASSED BY SENATE.

to 16. Several delays in the Chamber of De puties on Saturday evening caused much concern and at one stage the Prime Min-ister (M. Daladier) announced that he would postpone his departure to Tuni and Corsica. Eventually the Budget was passed by 372 votes to 299 and was then referred to the Senate, after which more difficulties arose. However, these were finally resolved and the Budget was ap-

TIDE OF REFUGEES.

by an overwhelming majority.

SEEKING ENTRY TO AUSTRALIA

Jewish Factory Proposals. LONDON, Jan. 1.-Five hundred Euro-

LONDON, Jan. 1.—Five hundred European refugees who desire to go to Australia continue to apply to Australia House weekly, the number far exceeding the applications for entry to other Dominions. Germans, Austrians and Czechs are comparatively reluctant to enter Bouth Africa, fearing the possibility of Germany regaining African territory. The applications to go to Canada are the second highest in number, being about 300 weekly.

Many German and Czech Jews have given Australia House details of machinery they propose to take to Australia for the purpose of opening factories, and for which they seek Customs concessions. The details are being forwarded to Canberra, where it will be decided whether the factories are desirable.

Australia House expects that 3,000 British migrants will go to Australia in 1939, principally farm boys and domestics.

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"Mein Kampf" to Assist Jews. NEW YORK, Jan. 2.-Because they NEW YORK, Jan. 2.—Because they contend that Herr Hitler's American copyright is invalid, Stackpole and Sons are publishing an unabridged translation of "Mein Kampf" and sending the Fuehrer's royalties to Jewish charities. The United States copyright law relates to American and German citizens. When he registered in 1925 Herr Hitler was described as a "Staatenloser Deutscher," that is, "a German without a State." He became a German citizen in 1931.

VATICAN IN AUSTRALIA.

London Paper's Speculations. LONDON, Jan. 1.—"Reynolds' News," suggesting that the Pope may be forced to leave Rome by Fascist hostility, discusses the possibility of the Vatican being centred in Australia. The paper refers to a "secret meeting at Sydney" on the subject, alludes to Roman Catholic strength in Australia and quotes a prominent English Catholic as saying that there is no doctrinal reason why the Pope should remain in Rome and expressing the opinion that Australia would be a wise choice if circumstances compelled

his removal. ORCHARDIST'S DEATH.

Brother-in-Law Remanded. The United States Note charges Japan with unfair discrimination against American trade and commerce with China, and also with assuming power and sovereignty in China by armed force and violating contends, are not subject to unilateral nullification. It is admitted, however, that the possible desirability of changing treaties has left the door open for international conversations. "Meanwhile," the Note says, "this Government reserves all the rights of the United States as they exist and gives no assent to the impairment of any thereof."]

CHINESE GUERILLAS.

Dollars for Scalps.

BRISBANE, Jan. 2.—"You pay for dingo scalps in Australia; in China the Government pays five dollars for every soon afterwards. Hough, it was alleged, was holding a revolver. There was a struggle, during which the wespon was discharged. Moon fell wounded in the forehead and died soon afterwards.

Mr. J. J. Quirk (for Hough) said that Hough had been holding the revolver high in the air. When Moon seized his hand and pulled it down it had been discharged.

ALLEGED PERTH THEFT.

Man Remanded from Launceston LAUNCESTON, Jan. 2.—In the Launneston Police Court this morning, the original warrant for the arrest of Harold Leonard Hewins was produced by Detective-Sergeant M. O'Brien, of Perth, and his request that accused be remanded to Perth was granted.

Hewins is charged with having, at Perth, stolen £320, the property of the Perth City Council Christmas Staff Saving Fund.

YOUNG JOCKEY KILLED.

Horse Careers Into Crowd. MELBOURNE, Jan. 2.—When three heavily on the inside running rail. Sampson, a young jockey, was killed in-stantly in a race meeting at Horsham today.

He was riding Miss Freil, who got out of control rounding the turn into the straight. The horse after throwing the rider, careered into the crowd inside the course, knocking down a spectator—W. Hunter, of Horsham—and narrowly misstoday

NEW YEAR HONOURS.

THE BRITISH LIST.

FOUR NEW BARONS.

SIR MAURICE HANKEY, who resigned last year from the positions of Secretary of the Cabinet, Secretary of the Committee of Imperial Defence and Clerk of the Privy Council.

SIR ARTHUR GREER, a former Lord Justice of Appeal. Justice of Appeal.
SIR LAURENCE PHILLIPS, a pro-PARIS, Jan. 2.—After a stormy session in both Houses, the Senate early this morning passed the Budget by 281 votes to 16

SIR PETER RYLANDS, president of the Iron, Steel Wire Manufacturers' As-sociation.

ORDER OF THE BATH. Knight Grand Cross (G.C.B.). ADMIRAL SIR DUDLEY POUND, Commander-in-Chief of the Mediter-ranean Fleet. Knight Commanders (K.C.B.)

VICE-ADMIRAL A. B. CUNNINGHAM, Deputy-Chief of the Naval Staff. EDWARD E. BRIDGES, Secretary of Companions (C.B.) FRANK TRELAWNY ARTHUR ASH-TON-GWATKIN, Counsellor at the Foreign Office, who accompanied Viscount Runciman to Czechoslovakia.



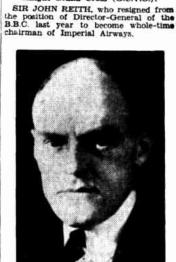
WILLIAM STRANG, Counsellor at the reign Office, who was also a mer Viscount Runciman's staff. PRIVY COUNCILLORS. RICHARD AUSTEN BUTLER, Parlia-nentary Under-Secretary for Foreign

entary Secretary for Mines.

ORDER OF ST. MICHAEL AND ST. GEORGE. Knights Grand Cross (G.C.M.G.). SIR NEVILE HENDERSON, British SIR ALEXANDER CADOGAN manent Under-Secretary for Foreign Affairs. Knight Commanders (K.C.M.G.). SIR HARRY LUKE, Governor of Figi ERIC GUSTAV MACHTIG, Assistant Under-Secretary for the Dominions and dee-chairman of the Overseas Settlement

CAPTAIN H. CROOKSHANK, Parlia-

CECIL GEORGE GRAVES, Deputyirector of the B.B.C. BASIL COCHRANE NEWTON, Minuster to Czechoslovakia. ROYAL VICTORIAN ORDER. Knight Grand Cross (G.C.V.O.).



SIR JOHN REITH. KNIGHTS BACHELOR. J. G. HAY, a member of the International Rubber Regulation Committee.

ADAM MATILAND, member of the
House of Commons for Faversham.

F. G. PEARCE, past-president of the
British Dental Association. S. J. PIGOTT, managing-director of John Brown and Co., Ltd., which built the Queen Mary and the Queen Eliza-

LIEUT -COL HEATON FORBES RO-BINSON, Director of Works and the Im-perial War Graves Commission. REGINALD GEORGE STAPLEDON, JOHN BALLINGALL FORBES WAT-

SON, Director of the National Conf ration of Employers' Organisations. ORDER OF MERIT (O.M.). ADMIRAL LORD CHATFIELD, merly First Sea Lord and Chief of the Naval Staff.





Sir Maurice Hankey.

Probably no British public servant had ever received such tributes as those which were given to Sir Maurice Hankey when he resigned in June last. The entire British Press agreed that his resignation marked the end of an epoch and he received compliments worthy of the greatest of Prime Ministers. Sir Maurice,

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