

ALLIED PEACE TERMS MOST DRASTIC

GERMANY DOES NOT EXPECT WAR'S END YET

EXPECT ALLIES WILL ATTEMPT BIG SMASH ON GERMAN FRONT

Fatherland Does Not Look For War's End Now.

ACCEPTING CHALLENGES

Entente Take Up Gauntlet of Von Hindenburg.

POINT TO PREPARATIONS

Press of Berlin Pessimistic Because of Allied Military Activities.

Berlin, Dec. 29.—Via wireless to United Press.—Judging from unofficial reports from the front and diplomatic comment here, the war will not end without the Allies making another gigantic, concentrated effort to break the German front. This is indicated by the artillery preparations which are being made.

Britain in the west, her allies in Greece, Russia and Rumania apparently expect to accept Von Hindenburg's challenge for winter battle.

When these battles begin, peace talk will probably subside to await the outcome of the bitter struggles.

The belief that peace will not come until after the Allies have attempted another gigantic offensive, is voiced by the Vossische Zeitung, which pointed out the preparations that are being made on all fronts by Germany's enemies.

The above dispatch to the United Press is the first definite statement from Berlin that peace is not expected until after another allied offensive.

It is apparent that despite the statements of officials of the American Government that the Wilson note was destined as a warning to Germany, it is regarded there as a move for peace.

THE WEATHER

LOCAL TEMPERATURES.

Following were the highest and lowest temperatures recorded in London during the 24 hours previous to 8 o'clock last night: Highest, 35; lowest, 17.

The official temperatures for the 12 hours previous to 8 o'clock today were: Highest, 20; lowest, 10.

TOMORROW—FAIR AND COLD.

Toronto, Dec. 29.—3 a.m. Forecast.

Fair and decidedly cold tonight and on Saturday; local snow flurries.

The following were the highest and lowest temperatures for the 24 hours previous to 8 a.m. today:

Stations.	High.	Low.	Weather.
Toronto	35	25	Cloudy
Windsor	35	25	Clear
Winnipeg	35	25	Clear
Port Arthur	35	25	Cloudy
Port Stanley	35	25	Clear
Port Huron	35	25	Clear
Port Hope	35	25	Clear
Port Weller	35	25	Clear
Port Colborne	35	25	Clear
Port Maitland	35	25	Clear
Port Hope	35	25	Clear
Port Weller	35	25	Clear
Port Colborne	35	25	Clear
Port Maitland	35	25	Clear

A pronounced area of high pressure is centred over Manitoba and the north-west states, and fair, cold weather now prevails in nearly all parts of the Dominion.

PEACE NOTE REPLY OF ENTENTE ALLIES READY FOR STATES

Submission To All Powers, However, Prevents Immediate Forwarding To Germany.

London, Dec. 29.—As a result of the conference which have been in progress for several days the Entente reply to the German note is now completed. It could go forward today or tomorrow except for the necessary formality of transmitting it to all the Allies before final delivery. This means that the delivery will be made early in or in the middle of next week, perhaps on Wednesday.

The delivery will be made at Paris, after which the communication will be forwarded to Germany through American channels. The reply is a very long document, much more lengthy than the German note. This point has been one of the matters of discussion during the conference, the objections having been raised that it is too long, and should be short and sharp. But there were so many points for elucidation and such a complete difference of conception of the objects and purposes for which the two sides went to war, that it was found desirable to extend the note to considerable length. The presence here of Alexandre Ribot, the French finance minister, permitted the French ministry to be represented during the conference.

Unusual optimism is shown here as a result of the final form which the note has taken, which is believed to be such that it will meet with satisfaction at Washington.

The reply to the American note will follow within a few days after the delivery of the reply to Germany.

SPAIN WILL TAKE FURTHER STEPS TO PROTECT VESSELS

Warns Germany That Sub Campaign Is Illegal.

DEMANDS CREWS' SAFETY

Murderous Practice Scored as Well as Enemy's Contraband Ruling.

Madrid, Dec. 29.—A note addressed to Germany on the submarine question by the Spanish Government reviews at length the policy of Madrid from the time the first Spanish ship, the Isidoro, was torpedoed in August, 1915. It declares that the Spanish Government has always maintained that it is illegal to destroy prizes, as is the constant practice of submarines, and that the cable also demanded the observation of the declaration of London, notably article 50, which it is maintained submarine violators by abandoning the crews of sunken ships to the mercy of the waves far from land.

The note further recalls the vigor of the representations of the Spanish Government, which, it says, sometimes caused the Berlin Government to be surprised at the radical attitude of Spain, whose protests, it is held, have been more energetic than those of any other neutral state.

With regard to the contraband question, the note says: "What the Spanish Government does not admit is the central empire's interpretation of international law, whereby they destroy ships of nations which have always complied and protested such an interpretation."

The note concludes with an announcement that further steps are being taken to avoid or diminish in future the risks to Spanish shipping.

CALL FOR INCREASED VIGOR TO SPEEDILY TERMINATE THE WAR

French Socialistic Congress Asks Government to Institute Vigorous Policy.

Paris, Dec. 29.—A resolution has been adopted by the Socialist congress calling upon the Government to pursue a more vigorous policy both in economic action so that the full resources of the country may be brought into play, and the war terminated more speedily. The resolution is predicated on the assertion that the replies of the central powers to President Wilson's note leave no doubt that the offer of peace negotiations was a snare.

Deputies who met German and other foreign Socialist delegates at the conference in Switzerland supported a motion in favor of resumption of international relations among Socialists. This proposal was defeated by a small majority after a long and heated discussion.

RUMOR PREDICTS CHANGE IN BRITISH AMBASSADOR

New York, Dec. 29.—A special cable to the World from London says: "A rumor is prevalent that Ambassador Sir Cecil A. Spring-Rice, whose health has never been robust, may elect to retire from his post at Washington following upon the change of Government."

There has been some severe criticism in certain quarters of his alleged inability to cope with the German ambassador's presentation in the German case at Washington, but Sir Cecil has generally been regarded as filling a position of immense difficulty with success.

BITTER ATTACK OF GERMANS ON VERDUN BROKEN

French Curtain of Fire Halts Drive On Dead Man Hill.

PENETRATE ONE TRENCH

Few of Enemy, However, Manage To Pass Hail of Shell and Shot.

USUAL PRISONERS' CLAIM

Berlin Report Declares 220 French Were Captured in This Offensive.

Paris, Dec. 29.—German troops last night delivered an attack in strong force on a three-kilometer front between Hill 304 and Dead Man Hill, northwest of Verdun, the war office announced today. The French infantry and machine gun fire broke the attack but one of the French trenches, south of Dead Man Hill, being penetrated, and this only by a few hostile troops. The attack was delivered after long and violent artillery preparation.

North of Verdun, a strong German reconnaissance was dispersed east of Hardsmout.

The text of the statement follows:

Made Strong Attack.

"On the left bank of the River Meuse, after the intense bombardment reported in the announcement of yesterday and which later grew even more violent, the Germans late yesterday afternoon delivered a strong attack along a front of more than three kilometers against our position located between a point to the west of Hill 304 and a point to the east of Dead Man Hill.

"This attack was broken by our machine guns and the fire of our infantry and machine guns. Certain small detachments of the enemy penetrated one of our trenches to the south of Dead Man Hill.

"On the right bank of the river we have dispersed a strong German reconnaissance about 11.35 a.m. over Manges Wood, to the southeast of Misy. It has been confirmed also that on December 27 French aircraft continued on Page 3, Column 4.

EARLY REPORT SAID TODAY.

New York, Dec. 29.—The London correspondent of the Tribune cabled last night as follows:

The joint reply of the Entente Allies to the peace note of Germany and the United States is expected to go to President Wilson tomorrow or Saturday.

M. Ribot and M. Thomas, the French minister of finance and munitions respectively, are still here in consultation with the British Government. Although their mission probably is not primarily connected with the peace negotiations, it is likely that the reply has received the fullest discussion.

The wording of the answer practically has been completed, both Rumania and Russia now having added their endorsements. The czar's message has created the greatest satisfaction here. Emperor Hope for War's End.

Reports of separate overtures to Italy from Austria are premature. It is undoubtedly true that Emperor Charles has high hopes of a speedy ending of the war, and is willing to make large sacrifices of territory to Italy rather than see the disintegration of his kingdom, but Italian statesmen have a keen appreciation of the whole situation and realize the advantages to be gained by continuing to the end.

Of all the biggest belligerents Austria has suffered most from war casualties and economically and financially. No matter how soon peace is made, Emperor Charles will rule over a country almost on the brink of ruin. Economically, Austria's plight could hardly be worse.

Clearing Out Tools.

Under the tutelage of Count Berchtold, former foreign secretary, the emperor is trying to clean out Burián and other tools of Count Tisza. In his short reign he has shown clearheadedness, determination and a sincere desire to break away from the grip of Germany. Italy has played the game skillfully and fairly, and is still very much in the ring, but shipping difficulties have brought about an embarrassing economic situation. Recently conditions have improved considerably, but they are still bad enough to cause a certain amount of unrest. Italy's aims are clear, but they have been clearly defined, however, and she intends to stick until they are realized.

PEACE NOTE FROM SCANDINAVIANS IS SENT BELLIGERENTS

Norway, Sweden and Denmark Support the Move Started by Wilson.

London, Dec. 29.—The Scandinavian Governments have sent a joint note to belligerents supporting the peace note of President Wilson.

A Reuters dispatch from Copenhagen says the Danish, Swedish and Norwegian Governments have instructed their legations to address to the governments of the belligerent countries notes in which the Scandinavian governments, adhering to the note of President Wilson concerning measures to be adopted for facilitating a durable peace, declare their profound sympathy with every effort which may contribute toward putting an end to the sufferings and losses, moral and material, which are ever growing in consequence of the war.

The three governments in conclusion cherish the hope that the initiative taken by President Wilson will lead to a real peace of the genuine spirit which prompted this action.

DECIDING ANSWER TO CARRANZA DEMANDS

States Has to Figure What It Will Do in Mexico.

Washington, Dec. 29.—Gen. Carranza's latest communication asking modification of the protocol covering withdrawal of American troops from Mexico was examined closely today by Secretary Lane, chairman of the American members of the joint commission, who has summoned his colleagues to confer with him here as soon as possible. They will decide what answer to give the Mexican representatives when another session of the commission is held early next week.

Although the document has not been made public it was said Gen. Carranza's insistence on the unconditional retirement of the American forces is not so strong as formerly, chiefly because of the new military situation in Northern Mexico. Neither does he really repudiate the protocol already signed by his representatives at Atlantic City.

WILL PRESIDE AT WINTER ASSIZES IN COURT HOUSE HERE



Chief Justice Sir William Mulock will preside at the local winter assizes of the supreme court of Ontario at the sittings to commence on January 8 at the court house.

BRITISH PURCHASE OF LIQUOR TRAFFIC IS NOW IMMINENT

Control Board Ready To Take Over Trade, Say Reports.

MORE RESTRICTIONS SURE

Whether Business Is Bought by Government or Not, Changes Will Come.

London, Dec. 29.—The purchase of the drink trade in Great Britain by the state is believed to be imminent, says the Daily Express today.

The matter has been closely considered by the Home Office, and is being pushed forward with great rapidity during the past fortnight," continues the newspaper. "Several members of the board have long advocated the purchase of the drink trade by the government, and it is believed that the government has brought a renewal of their argument."

The Express quotes Sir Thomas Willitts, member of parliament, as saying that David Lloyd George, the prime minister, is known to favor the purchase, while several of the Unionist ministers are understood to agree with him. Sir Thomas says he believes a bill calling for the purchase would pass the House of Commons without difficulty.

Sir Thomas Willitts was chairman of the committee which advocated the purchase in 1915, when the cost of the plan was estimated at between £250,000,000 and £300,000,000. Since then, however, the Government has intervened drastically with the production of spirits.

The Daily Express asserts that further drastic restrictions in the manufacture and sale of alcohol are certain in the near future, whether or not the purchase plan is put into effect.

It is known from other sources that the liquor question has lately become one of the foremost of national importance, in consequence of renewed complaints of the hindrance of munition work and other industries due to excessive drinking. Also due to the fact that much foreign and vast quantities of food material are absorbed in the liquor industry. Memorials from such centers as Birmingham, Liverpool, Manchester and Glasgow, have reached the Government, warning of disaster in munition, ship-building and similar industries, and urging total prohibition.

It may be recalled that Premier Lloyd George first introduced legislation of the drink trade in the spring of 1915, but failed to achieve the success of the scheme. At that time the plan was regarded as impracticable, but since then it has been strongly advocated, and the demand is being continued by a section of the press.

FORCING ALL TO BE MEXICAN SUBJECTS

Foreign Concession Owners Have to Renounce Treaty Rights.

Mexico City, Dec. 29.—A decree has been issued giving foreigners holding title to real estate, mining and oil properties and timber lands, until April 15 to resign their treaty rights in so far as the properties in question are concerned. Formal renunciation of such rights must be made in accordance with the decree issued more than four months ago, which provided that such foreigners must, in effect, become Mexican citizens in so far as their property was concerned. There is some uncertainty as to whether the decree is retroactive and affects present enterprises or only future rights.

DENIES PEACE RUMOR

Vatican Explodes Story of Austrian Request for Intervention.

Rome, Dec. 29.—Via Paris.—The Osservatore Romano, the official organ of the Vatican, prints today an official denial of reports published abroad to the effect that the papal nuncio at Vienna informed the Vienna press that the Austrian emperor had requested him to ask Pope Benedict's intervention for peace and that the Pope had given a favorable reply.

TEUTONIC ATTACKS AT RUMNIK SARAT ARE ALL REPULSED

Violent Fighting in Rumania Goes To Allies.

BEAT BACK ATTACKERS

Despite Tremendous Efforts, German Efforts Fail.

Petrograd, Dec. 29.—Via London.—British Admiralty, per Wireless Press.—Violent fighting took place between Russian troops and forces of the central powers yesterday in Central Rumania, in the region of Amara, according to the Russian official statement issued today, a Teuton force, 35,000 men strong, launched an attack on the Russian line. The battle continued until evening, when the engagement slackened. In the sector of Rumnik Sarat and Boldu all the attacks of the invaders were repulsed by the Russians. The statement reads:

Pressed Back Slightly.

"Rumanian Front: The enemy attacked the Rumanians on the front north and south of the River Kasino near the Rumanian frontier, and west of Goveva, and pressed them back one verst to the eastward."

"In the region of Kioseni and Koe-tomira, 30 and 15 versts respectively, north of Rumnik Sarat battles are proceeding and all attacks have been beaten back by the Rumanians."

"Rumanian and our own detachments have occupied positions on the left bank of the River Rumnik gallantly repulsed with counter-attacks all enemy attacks."

Repulse Every Attack.

"All attacks on the sector from the railway near Rumnik Sarat to Boldu, in the sector of Rumnik Sarat and Boldu, were repulsed by our energetic counter-attacks."

"In the course of the day the enemy about two divisions strong, conducted attacks in the direction of the village of Boldu, ten versts to the south of Boldu. Continued on Page 13, Column 2.

WINNIPEG LABOR UNIONS SPLIT OVER REGISTRATION

Churches Taking Up Question—Accusations of German Money Made.

Winnipeg, Man., Dec. 29.—Labor unions of Winnipeg have split on the question of national service, and the pulpits of the city next Sunday will split with the question, what's the matter with the labor unions? In view of the fact that Rev. Horace Westwood was one of the speakers at the Labor Temple meeting, where opposition to signing the registration card was voiced, it is anticipated that a lively pulp debate may follow, as he has announced that he proposes to explain his attitude next Sunday.

Capt. W. J. Hindley, who is pastor of the First Congregational Church, and a vigorous speaker, says he proposes, since the labor unions have so long asked what's the matter with the churches, to give them a dose of their own medicine next Sunday. The church members are denouncing the element in the Labor Temple as unpatriotic and actually pro-German, some speakers do not hesitate to assert that German money is being expended for some of the diabolical utterances on national service in Winnipeg recently.

The Typographical Union is opposed almost in a body to the harsh criticism of national service. The already Labor Temple leaves the radical Socialists almost alone, however, in the opposition to registration.

ADMIRALTY CHANGES EXPECTED TO AID IN MEETING MENACE

Experience of Officers Will Combat Aggressiveness of New German Sub Campaign.

New York, Dec. 29.—The Herald's London naval correspondent writes as follows:

It is just about two years since Grand Admiral von Tirpitz, in an interview, foreshadowed a policy of attacking merchant vessels by means of submarines. The latest outcome of the decision then taken is the declared intention to wage the submarine war in a manner more ruthless than ever before.

An intimation to this effect is said to have been made to neutral governments, some of whom have been invited to obtain comparative immunity. It must, therefore, be assumed that the smaller powers are satisfied with the results of the extension of the U-boat war to neutrals during the last year, and that they think the moment has come when they can extort concessions from the smaller powers by such a policy of blackmail as has been mentioned.

Different From 1915.

The situation in regard to the submarines is thus a very different one from that in 1915, when the original submarine "blockade" was snuffed out. That attempt failed within a few months of its inauguration, partly because of the ineffectiveness of the boats employed, but largely because of the vigorous and complete character of the measures taken to deal with it.

PRIOR CONQUESTS OF ENEMY STRIPPED FROM THEM BY ENTENTE TERMS OF PEACE

TURK NOTE ARRIVES

Washington, Dec. 29.—Turkey's reply to President Wilson's peace note was received today at the state department. It is substantially the same as Germany's and Austria's.

BATTILING TO HOLD MOLDAVIA HEIGHTS EAST OF SESMEZO

Russo-Rumanian Army Gives Stubborn Battle.

TAKE SUMMIT FROM TURKS

Have Important Success On Caucasian Front Near Van.

Petrograd, Dec. 29.—Via London (British Admiralty per Wireless Press).—As the German forces continue to advance at several points on the Moldavian frontier, says the Russian official statement issued today, battles are in progress for domination of the heights held by the Russians and Rumanians to the east of Sesmezo. The statement reads:

"Western Front: Attempts made by the enemy to cross the Caucasus front in the region of Sidonviki, south of Brody (Galicia) were repulsed by our fire. The enemy continues his bombardment of our positions in the region of Gukalov forest and the village of Grabovats."

"On the Moldavian frontier, in the valley of the River Olux, the enemy's advance continues at several points. Battles are taking place for domination of the heights in the region east of Sesmezo."

"Caucasian Front: There is nothing of importance."

A Russian success on the Caucasian front, in the neighborhood of Van, was announced yesterday by the war office. The statement follows:

"We occupied the whole summit to the south of Ataman, south of Van. The Turks have withdrawn in the direction of the village of Il."

The Germans have begun an active bombardment of Russian positions in Galicia, the war office announced today. An attempt to cross the Dniester River was checked. The statement follows:

Howitzers at Work.

"The enemy's heavy howitzer batteries are bombarding several of our front in the region east of Zarkov, in the neighborhood of Penaki (south of Brody), where our trenches are damaged in places, and also the sectors of Garbuzov, Gukalov forest and Augustofka."

"On the River Nar, a tributary of the Zinko River, our scouts crossed to the western bank in the neighborhood of the village of Swistelniki and, having driven away the enemy's patrol guard, carried back to our bank material for constructing barbed wire entanglements."

Attempts of the enemy to cross the Dniester southeast of Galich, near Simkivtze, were checked by our fire."

"The peace terms are to start from the status quo before the war, thus including the evacuation of the whole of Northern France, Belgium and Luxembourg, and of all lands taken from Serbia, Rumania, Russia and Montenegro."

"Alsace Lorraine is to be restored to France. The Danish portion of Schleswig-Holstein is to go to Denmark and Posen, Polish Prussia and Austrian Poland are to be added to the new sub-kingdom of Poland, which the czar has pledged to create."

"The Slavs of Bosnia, Herzegovina, Dalmatia, Croatia, etc., are to be created into a new kingdom."

"Bohemia is to be an independent state."

"The Rumanian section of Transylvania is to be added to Rumania."

"The whole Austrian Tyrol, plus Trieste, Istria and the other portions of Austria which are Italian in blood or feeling, to be added to Italy."

"Turkey to yield Constantinople and the straits to Russia."

"The Armenians to be put under Russian tutelage."

"The Arabs to be freed, while Syria, Asia-Minor and Mesopotamia are to be under external protection guaranteeing tranquility."

"The German colonies to remain in the hands of the Entente. Moreover, a money indemnity for the ruin Germany has done in Belgium, France, Serbia, Montenegro, etc."

"Regarding shipping Germany to make reparation in kind for all ships of commerce destroyed, ton for ton, neutral shipping to be replaced only after all the demands of the Allies have been satisfied."

"The German navy to be handed over and distributed among the Entente nations."

"As a guarantee against future war the Allies, are to insist upon the democratization of the German Government."

"The Kiel Canal to be neutralized under an international commission, including the Entente countries, the United States and other neutrals."

Not Only Must Captured Territory Be Evacuated, But Other as Well.

PLAN SLAV KINGDOM

Bohemian Independence, as Well as Poland's, Demanded by Allies.

COLONIES LOST FOREVER

German Navy, Too, Will Be Split Up, Declares London Spectator's Forecast.

London, Dec. 29.—The Spectator devotes the greater part of tomorrow's issue to answering President Wilson's question as to what are the peace terms of the Entente Allies. Briefly summarized, the principal demands as outlined by the Spectator follow:

"The peace terms are to start from the status quo before the war, thus including the evacuation of the whole of Northern France, Belgium and Luxembourg, and of all lands taken from Serbia, Rumania, Russia and Montenegro."

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