

FRENCH VICTORY ON ITALIAN FRONT
NEW BRITISH GAINS IN PALESTINE 1000 DEAD IN GUATEMALA 'QUAKE
ALLIES TO REPLY TO PEACE OFFER GERMANS ATTACK ON WEST FRONT

GERMANS SEEK PEACE TO SAVE GAINS SECURED
 Army Manoeuvres Interpreted as Solely of Military Significance.
ALLIES TO ANSWER
 Entente Likely to Make Joint Reply to German Proposals.

Washington, Dec. 31.—Insidious efforts of the Germans to involve the United States and the entente allies in the peace negotiations proceeding in the Russian Bolshevik have developed to such a stage that in the opinion of some officials here notice of the propaganda must be taken and attempt made to neutralize it.

The British and French premiers to meet in Paris soon with the purpose of discussing the advisability of receiving and answering the proposals of the Bolshevik to participate in the negotiations, as has been reported by a leading Conservative newspaper, they will act in accord with the agreement rigidly adhered to by the entente allies until the decision of Russia, not to entertain any proposals from the enemy without consultation with each other.

Many are believed to be prepared to accept almost any conceivable individual enemy in order to wedge into the allies and thus disrupt, and having secured measurably with Russia, to get that nation to influence the allies.

None of the entente countries recognized the Lenin-Trotsky regime in Russia, it will be difficult for the Bolshevik to convey the invitation for a peace discussion, but it is understood as entirely possible that the German Government might refer the Swiss foreign office to an invitation to America and Belgium.

Staff officers here are under attack great significance to the attempt of the central force the entente powers have negotiations in mind. There is a clear indication that the military leaders have wished all that they feel capable of doing in the matter of a long time yet, it is believed, but they cannot extend of occupation without an enormous loss of men and time at the cost of a terrible defeat. Therefore, entente diplomats seek to realize as much as possible from what the armistice have done, and the latest negotiations are the steps towards that end.

SWISS OFFICER DEGRADED.
 Lucerne, Switzerland, Dec. 31.—Maurer of the Swiss army has been degraded by court-martial for his part in the capture of a French infantry for complicity in the smuggling of cotton into Austria and Germany.

BLOW DEALT BY FRENCH IN MONTE TOMBA REGION
 Attacking Troops Penetrate Enemy Lines, Berlin Admits, and Apparently Retain Gains Made—Foe Prepares "Counter-Move."

New York, Dec. 31.—The Austro-German lines on the Italian mountain front felt the shock yesterday of a French infantry blow and were shaken, if not broken, by the impact. The French stroke was delivered on the eastern end of the mountains near its junction with the Piave line, near its junction with the Piave line, near its junction with the Piave line. The attacking columns broke into the enemy defenses and apparently secured good their hold, as Berlin admitted a penetration of portions of the Piave positions.

STILL CARRYING ON

We've finished another calendar year in the war; a year of further trials and losses, of sacrifices and of services heretofore unexperienced and never expected in our time. And yet we go into this new year not undaunted, of stouter hearts, better organized, more robust in our hopes, more confident that our cause is just and will win. Still to carry on; and we'll carry on. We think we see victory in sight.

But there is more to be paid, more sacrifices to be made. And yet the Star of Peace is rising anew over that Bethlehem—once more restored and retained.

The Kaiser and the sultan must get out from off Europe. Belgium, France, Russia, Italy, the Balkans, the Near East, have felt the sting of their whips, the frightfulness of their smoking swords and their bloody contrivances. Never will the German or the Turk stand upright again, or without common malediction.

And the United States comes into that Sun that Germany said was her goal. Our neighbors are the new moral factor of these terrible days—more than any oasis in any of the great desert places of great history. The American of the New World—and the term includes the Canadian—has more than eclipsed the German and the Turk of the Old World. America has regenerated herself and is helping to regenerate mankind at large. And we are playing a great part in that work; and Canada has the undying glory of being the first American state to go to the help of Europe when its liberties were assailed. We do not regret our act, or bemoan our losses; we persevere in the task. To persevere for right is everything, Columbus and America, Liberty and Lincoln! If no great historic figure has appeared we have a New Democracy! And those of us who do and are doing their part in this war will be for ever identified with a still more glorious Day and Era.

BOMBING PARTIES EJECT ENEMY FROM TRENCHES

Enemy Attempt to Gain British Defensive System on Welsh Ridge Fails—No Big Offensive Probable Owing to Deep Snow.
 London, Dec. 31.—The Reuters correspondent at British headquarters in France sends the following: "The German attack between Valenciennes and Maroing apparently was an attempt to carry a system of trenches along the Welsh Ridge. In this he failed. The front of the attack was about three thousand yards. On the right German storming troops penetrated our front line, and bitter hand-to-hand fighting ensued. On the left the enemy also got into our trenches, but was met with such a prompt counter-attack that he only maintained a small portion of his gains.

"In the course of the day our bombing parties drove the Germans out of several traverses and saps, inflicting considerable casualties on them. The fighting has been almost continuous, but there is no reason to believe that the affair is more than a local attack, with the object of regaining a bit of the Hindenburg line, the possession of which gives good observation.

"With snow nowhere less than six inches deep and in many places six feet in depth, anything in the nature of a serious offensive is impracticable."

WHEAT SUPPLIES FOR ALLIES.
 Buenos Aires, Argentina, Dec. 31.—Announcement is made by the government that arrangements have been nearly completed for selling 3,500,000 tons of wheat to the entente allies.

BRITISH CASUALTIES SHOW BIG DECREASE
 Killed and Wounded List for December Only Half That of Previous Month.
 London, Dec. 31.—British casualties reported in December reached a total of 79,577, divided as follows: Killed or died of wounds: Officers, 1,045; men, 14,895. Wounded or missing: Officers, 3,342; men, 62,435. Casualties reported from December 26 to 31, were 9,851, divided as follows: Killed or died of wounds: Officers, 68; men, 2,059. Wounded or missing: Officers, 238; men, 7,559.

THOUSAND ARE KILLED BY GUATEMALA QUAKE

Almost Half Houses in City Demolished by Shocks—Martial Law is Declared
 New York, Dec. 31.—An estimate of 1000 persons dead in the earthquake ruins at Guatemala City is contained in a telegram received here from the Central and South American Telegraph Company's manager at San Jose, Guatemala, who returned to San Jose from Guatemala City yesterday afternoon. The message says that 40 per cent of the houses in the city are demolished. Most of the others have collapsed and are uninhabitable. Martial law has been declared and several footers have been shot. The president of Guatemala has ordered the inhabitants to leave. Terrible earthquake shocks continue at intervals of about five minutes.

BOLSHEVIKI DEFEATED IN FIERCE ENGAGEMENT
 Ukrainians and Cossacks Win Great Battle on Southwestern Front—Anarchists Pursued.
 Stockholm, Dec. 31.—Ukrainian and Cossack forces in a great battle on the southwestern front have defeated Bolshevik troops, taking four hundred prisoners and capturing several machine guns, according to a despatch received by The Dages Nymetor from Petrograd by way of Haparanda. The Cossacks are in hot pursuit of the Bolsheviks.

FOOD LAWS ARE MODIFIED.
 Ottawa, Dec. 31.—The food controller's office announced tonight that it had been advised by the war trade board, Washington, that the United States embargo against the exportation of pork and pork products to Canada has been modified to the extent that licenses will now be granted for the shipment of fat meat in limited quantities for larder camp use in the Dominion. Such licenses will be issued by the war trade board only upon the approval of the food controller for Canada.

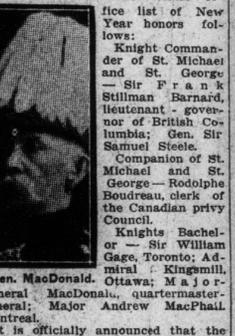
BRITISH CRAFT ARE SUNK.
 London, Dec. 31.—The admiralty announced that the mine sweeping ship Arbutot and the armed boarding steamer Grive have been sunk owing to bad weather after having been intercepted.

MUNICIPAL ELECTION RETURNS
 The World, as usual, will throw the results of the municipal elections today on a screen opposite The World Building, West Richmond street. As the polls in Toronto close at five o'clock, the first of the results should be on the screen shortly afterwards, and will continue to be shown during the evening until the final results are known.

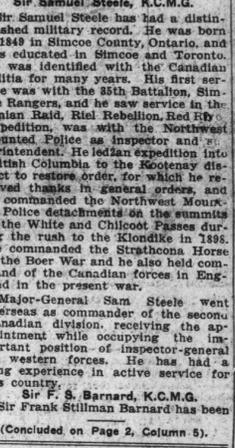
BRITISH STRENGTHEN PALESTINE POSITIONS
 Four Strongholds Now Interposed Between Turk Forces and Jerusalem—Latest British Advances Total Seven Miles.
 London, Dec. 31.—The British now have four strong positions interposed between the enemy and Jerusalem instead of the one that existed before a recent serious Turkish attempt with German assistance, to retake the city, says today's war office statement on the Palestine operations. The British advance scored northwest of Jerusalem in these operations represents a gain of seven miles.

CANADIAN PUBLIC MEN RECEIVE KNIGHTHOOD

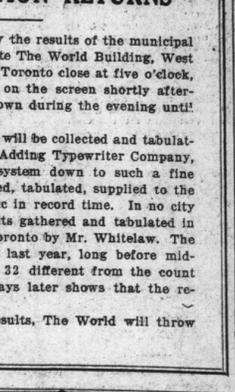
Titles Conferred on Maj.-Gen. MacDonald, Admiral Kingsmill, Prof. MacPhail and W. J. Gage.
 Canadian Associated Press Cable. London, Dec. 31.—The colonial office list of New Year honors follows: Knight Commander of St. Michael and St. George—Rudolphe Boudreau, clerk of the Canadian privy Council. Knights Bachelor—Sir William Gage, Toronto; Admiral Kingsmill, Ottawa; Major Andrew MacPhail, Montreal.



ADMIRAL KINGSMILL, Ottawa.



SIR W. J. GAGE, Toronto.



SIR ANDREW MACPHAIL, Montreal.

PLAN TO RE-DISTRIBUTE POWER AT BUFFALO

Officials of Companies and U. S. Government May Requisition It For War Use.
 Washington, Dec. 31.—Redistribution and possibly requisitioning of electric power at Buffalo, as has been done at Niagara Falls, to insure an ample supply for mills working on war contracts, were considered today at a conference between officials of Buffalo power companies and representatives of the council of national defence. It was stated the conference was merely for the exchange of views and that a decision would not be reached before a visit was made to Buffalo by the country's representatives.

ADVANTAGE IS WITH ENTENTE IN WAR AREAS

In West, British and French Hold Dominant Strategic Positions.

ITALY'S STAND FIRM

Presence of American Troops at Front Heartening to Allies.

Washington, Dec. 31.—What the beginning of the new year finds at the battlefronts is outlined by Secretary Baker in his weekly review of military operations, issued tonight by the war department. In the west, he says, the British dominate the Flanders plain with a great wedge into the principal German line of defence at Cambrai, while the French, with their own lines unbroken, hold the key to the Laon area thru the capture of Chemin des Dames.

Italy, supported by the allies, is holding firm, while the enemy after battering in vain for six weeks against the defenders is busy preparing for a renewed offensive.

Of Russia, the review merely says the Germans are endeavoring to persuade that country that they are eager to assist in restoring normal conditions, and that the German embassy building at Petrograd is being made ready for occupancy.

Has Heartened Allies.
 While the operation of American troops at the front has been confined to narrow limits, the secretary says their presence has heartened the allies and increased faith in final victory. The review for the week ending Dec. 31 follows in outline: "The military situation at the beginning of the new year is as follows: In the west, the British in the Ypres salient occupy the high ground of the Passchendaele ridge and dominate the Flanders plain. Their wedge in front of Cambrai, the blunt, has ripped a great gap in the principal line of defence. The battle for Cambrai proved that the German defensive positions could be broken and taken. The full advantage was not taken of the early successes gained by the British, nevertheless the disaster to German arms in this battle was the most serious since the Marne.

"The French by the capture of (Concluded on Page 2, Column 6).

NAME LIBERAL LEADER AT MEETING THURSDAY

Wm. Proudfoot, K.C., J. G. Elliott, K.C., and H. H. Dewart, K.C., Are Mentioned.

The Liberal members of the Ontario Legislature and the Liberal candidates nominated for the next election, have been summoned to meet in Toronto on Thursday to choose a leader in succession to Hon. N. W. Rowell, who has entered the federal administration.

About three months ago a committee of members was appointed to consider the question of a successor and to report to caucus their decision. It has been decided by this committee that a leader should be chosen for this session only, but not a permanent party leader.

The choice, it is learned, lies between three members, namely: Wm. Proudfoot, K.C., of West Huron; J. G. Elliott, K.C., of West Middlesex; and H. H. Dewart, K.C., of South Toronto. It was expected that the report referred to in the above despatch would be made between 30 and 40 days following the conference held in the Reform Association offices, Toronto street, but at about the time it should have been available the federal election contest was at its height, and there was no information forthcoming pending the result. Now that a session of the legislature is drawing near it has become imperative that a leader be chosen. For some time Hartley H. Dewart, K.C., was mentioned in this regard, but rumor has it that William Proudfoot, K.C., is really the one to be named.