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PROVINCIAL DELEGATES GATHER FOR HISTORIC MEETING

Truman Budget Is Given Mixed Reception

Damaged U. S. Ship Sends Appeal To State Department

(AP correspondent Wayne Richardson, who started on home leave from China by signing aboard the Flying Arrow as a crew member, is the only newspaper man aboard.)

By WAYNE RICHARDSON

Aboard the American freighter Flying Arrow, Jan. 9 — (AP) — Extensively damaged by 30 to 40 shells from a Chinese Nationalist gunboat, this American blockade-runner lay at anchor tonight in international waters off the approach to the Communist port of Shanghai.

The Nationalist naval vessel continued to stand guard nearby.

Capt. David Jones, 31, declared the Flying Arrow unseaworthy and demanded that the United States State Department take steps to provide safe passage into the nearest port for repairs, in accord with international practice for disabled ships.

The nearest port is Shanghai, for which this ship sailed early Saturday from Hong Kong in defiance of the Nationalist naval blockade and the danger of mines.

Jones said the attack occurred 10 miles off shore, clearly outside territorial waters.

None of the crew of 43, including this correspondent, and the 12 passengers, including seven women, was injured.

The Flying Arrow, however, was hit in many places and set afire. The Royal Navy sloop Black Swan, which was patrolling nearby, helped subdue the flames in a hold and on the after deck in a three-hour struggle.

(A Nationalist navy spokesman in Taipei, Formosa, said the shelling was done by the gunboat Wuling. Such a ship usually is armed with no more than three-inch guns, plus smaller six-pounds and machine-guns.)

(The Nationalist spokesman said the shelling was intended only to disable the Flying Arrow to save her from complete destruction by blundering into mines planted in the Yangtze estuary.)

The master of the Black Swan reported by blinker that it is "understood" there are at least 20 mines in the estuary.

Venture Began Saturday

The Flying Arrow venture began at Hong Kong shortly after midnight Saturday morning, Jan. 7, when this freighter sailed with an assorted \$1,000,000 cargo for Communist Shanghai.

Fearful of the mines the Nationalists said had been planted, 11 of the crew were given special State Department permission to sign off. Britons and other Nationals replaced them.

About 9 A. M. Monday, as the Flying Arrow started to anchor in a spot Captain Jones estimated was 19 miles off shore, a Nationalist gunboat appeared and began making blinker signals.

"They blinkered that mines were being laid" and "you must not enter," Capt. Jones translated the flashes.

The Flying Arrow did not answer, and in a few minutes shells started screaming over the ship. Firing continued for 26 minutes. Thirty-eight rounds were fired

Republicans Begin Flood Of Criticism

By DOUGLAS B. CORNELL
WASHINGTON, Jan. 9 — (AP) — President Truman today sent an unbalanced \$42,439,000,000 budget to a United States Congress clamoring for economy.

Unless Congress cuts the budget or gives Truman the "moderate" tax increases he wants, the Government will live \$5,133,000,000 beyond its income in the fiscal year starting July 1.

Clerks in the Senate and House of Representatives read in relays through the 27,000-word budget message — longest presidential message in American history.

Long before they were through, Republicans began pouring out criticism and raising cries of "spendthrift socialism," "juggling," "economic ruin," and "bankruptcy." They promised to fight for spending slashes.

On the other hand, representative John McCormack, House Democratic leader, called the budget message a "soundly conceived" and said that in view of the international situation large spending for national defence is necessary.

Truman insisted the budget is one of soundness, prudence and restraint. He called it a financial expression of steps the Government ought to take now "to rebuild toward economic growth and the expansion of human freedom in our own country and in the world."

That \$5,133,000,000 deficit in sight for the coming fiscal year is the difference between Truman's spending figure and a federal income tax estimates at \$37,306,000,000.

The budget included billions for military and economic help to non-Communist countries.

But national defence continued to be the biggest expense in the new budget, as in years past.

Fresh Water From Salt

And there was a new proposal to spend \$1,000,000 to start hunting a way to change "salt water into fresh water in large volume at a economical cost."

Water shortages, the President explained, are a threat in some parts of the country.

The President still was silent on just what kind of tax increase he wants.

The budget message predicted a "downward trend in expenditures" in the years ahead, and increased revenue if congress gives him that moderate tax increase. This, he said, will lead toward a balanced budget.

Yet Truman erected caution signals. With an obvious nod at Russia, he warned that "the threat of aggression still exists."

He asked for more cash — he didn't say how much — to make atom bombs.

National defence, heaviest cost in the budget, was figured at \$13,545,000,000.

FARM LAND'S WORTH

The average value of occupied farm land in Canada was estimated at \$36 an acre in 1947.

Protests Violations Of N. B. Elections Act

ST. STEPHEN, N. B., Jan. 9 — (CP) — Dalton K. Camp, director of political affairs for the Progressive Conservative Party in New Brunswick, said in a statement tonight that he had sent a telegram to Premier McNair demanding "full investigation of the gross abuses and violations of the Provincial Elections Act."

He was referring to administration of today's Provincial by-election in Charlotte County. The Liberal candidate, William N. Campbell, defeated Douglas Everett, Progressive Conservative, 5,547 to 3,156 with only two small polls unreported.

Mr. Camp said the telegram to Premier McNair, in Ottawa for the Dominion-Provincial conference, was sent this afternoon.

He released its text as follows: "The Government has dimly mismanaged the administration of this Charlotte County by-election. The proclamation of notice of grant of a poll was not posted in accordance with the instructions under section 48 of the Localities Act."

"Polling stations have been moved as late as polling day without due and proper notice being given to the voters. One polling station was moved on polling day to a house situated within the boundaries of another polling division, contrary to section 49 (1)."

"By its lack of responsibility the Government has impinged upon the rights and privileges of the voters of Charlotte County. We protest the complete inadequacy of Government preparations for this election as defined in the Provincial Elections Act. We demand full investigation of the gross abuses and violations of the Provincial Elections Act."



REPORTS CANCER FIND — Dr. Irene Vorey Diller, above, of the Institute for Cancer Research, Philadelphia, has reported to the American Association for the Discovery of Science the discovery of fungus-like invisible plants—growing in cancer. The discovery is said to be one of the most startling medical finds of this century; however, says Dr. Diller, a "great deal of work" remains to be done in the field.

Liberals Retain Seat In N. B. By-election

How To Press Pitprop Sales

OTTAWA, Jan. 9 — (CP) — Trade Minister Howe told a Maritime delegation today he will immediately open personal discussions with the British Government with a view to getting orders for the collapsing Maritime pitprop industry.

The 25-man delegation headed by Premier McNair of New Brunswick had told a Cabinet committee under Mr. Howe that loss of the British market for pitprops—timber used for shoring mines—had created a serious unemployment situation in the coastal provinces.

New Brunswick is hardest hit by Britain's decision to shift the \$8,000,000 a year purchase to non-dollar countries. That province obtained about \$6,000,000 from this source in 1949.

After the conference, Mr. McNair indicated there was still some hope that the Maritimes might resume production this winter for 1950 delivery to the U.K.

Members of the delegation included four of the members of the New Brunswick Cabinet, members of the N. B. Legislature and Commons members from the Province, representatives of the Maritime Pitprop Association, officers of New Brunswick and Nova Scotia municipalities and members of New Brunswick boards of trade.

The delegation presented the Cabinet group with a brief containing what it termed an "urgent appeal" for immediate assistance.

ed barriers against the movement of pork products between the two countries.

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Now with the British market reduced and prices lowered, there have been repeated demands that the Federal Government support the price of bacon and reopen the U. S. market.

In his recent announcement of the Anglo-Canadian bacon contract, Agriculture Minister Gardiner said the embargo likely would be lifted next July when the support price of 32.5 cents a pound for Grade A Wiltshire is withdrawn.

Canada then would have to consider removing the embargo against U. S. pork. What effect this would have on Canadian prices is unknown.

Liberal Retain Seat In N. B. By-election

How To Press Pitprop Sales

ST. STEPHEN, N.B., Jan. 9 — (CP) — Election of William N. Campbell, Liberal candidate in the Charlotte County by-election, was reported by the Canadian Press at 7:23 p.m. A.S.T., an hour and 23 minutes after the polls closed.

Dr. gave him 2,489 votes against 1,141 for his only opponent, Douglas Everett, Progressive Conservative.

The Liberal Party thus retained the seat, one of four in Charlotte County won by Liberal candidates in the general provincial election of June, 1948.

The result restored the standing in the New Brunswick Legislature to the totals of the 1948 election: Liberals 47, Progressive Conservatives five.

The vacancy was caused by appointment of Hon. J. J. Hayes Doone, Provincial Secretary-Treasurer, to the Senate last July.

To day's successful candidate lives at St. George. Mr. Campbell is a pulp and paper company superintendent and has been active in community work.

Mr. Everett, an agent at St. Andrews, contested Charlotte of the Progressive Conservative Party in 1948, when he was one of the four losing candidates.

With only two small polls unreported — Pleasant Ridge and Wood Island — when counting ended for the night, Mr. Campbell had 5,547 votes, a majority of 2,391 over Mr. Everett's 3,156.

The turnout was light — a little more than 50 per cent of the approximately 15,000 eligible to vote.

Nearly 11,500 voted in the 1948 election, when Mr. Doone led the polls with 6,635, a plurality of 1,862 over his highest opponent, Mr. Everett received 4,733 votes in that election.

Nfld. Legislature To Open On Feb. 15

ST. JOHN'S, Nfld., Jan. 9 — (CP) — The second session of the first Newfoundland Legislature will open Feb. 15, it was announced today in the Royal Gazette.

Freighter Adrift Off Newfoundland

HALIFAX, Jan. 9 — (CP) — The 7,286-ton Norwegian freighter Grey County is drifting helplessly in heavy seas off Newfoundland, owners of the rescue tug speeding to her aid said here tonight.

The tug Foundation Josephine put out from St. John's today and is expected to reach the side of the crippled vessel sometime tomorrow.

The Grey County lost her rudder 300 miles southeast of Cape Race, Newfoundland's southeastern tip.

Talks Slated To Open This Morning

By D'Arcy O'Donnell

OTTAWA, Jan. 9 — (CP) — Heads of Canada's 11 governments will gather around a conference table in the Commons tomorrow to discuss plans for giving Canada power to amend its constitution on matters under provincial jurisdiction.

The conference will start at 10:30 a.m. EST.

There was some speculation in political circles that the opening will be marked by a wrangle over procedure. The Federal Government has not drafted an agenda and as a result matters other than the constitutional amendments may be interjected into the discussion.

Provincial Premiers, arriving throughout the day from their various capitals, said since no agenda has been prepared they did not know what procedure will be followed.

A number of the Premiers were cautiously optimistic that some measure of agreement could be reached. But they indicated they feel agreement may hinge on a reconciliation of the constitutional views of Premier Duplessis of Quebec and Prime Minister St. Laurent.

Mr. Duplessis holds that the British North America Act—the basis of Canada's constitution—is a pact that cannot be changed without the consent of all the provinces. Mr. St. Laurent holds that Parliament has the power to amend the constitution on matters under Federal jurisdiction.

Until the last session of Parliament, the power to amend the constitution on Federal matters rested with the United Kingdom Parliament. Mr. St. Laurent sponsored legislation transferring the power to Canada. Additional legislation will be required if the provinces agree to transfer power as far as provincial matters are concerned.

Should such agreement result from the conference, a formula for making constitutional amendments will be drafted.

With Open Minds

Premier Macdonald of Nova Scotia told a Canadian Club luncheon in Montreal that he was coming to the conference with an open mind. He said there were some sections of the B.N.A. Act whose amendment could be left solely to the Dominion Government.

There were some sections which could be agreed upon between the Dominion and specific provinces concerned; there were still other sections he thought needed agreement by a majority of two-thirds of the quarters of the provinces, and finally, there were other sections so important that they might be considered to come under the heading of "the compact" and would seem to need unanimous consent.

Premier McNair of New Brunswick said his delegation was "most anxious to see the conference succeed in its objective."

"We are here in the spirit of co-operation and in the hope of arriving at general agreement," he added.

Hon. W. E. Darby, Attorney General of Prince Edward Island, said representatives of his Government had arrived at Ottawa with open minds and a willingness to co-operate in working out a method of amending the constitution "consistent with proper safeguards for provincial interests."

"Wheat purchases are being reduced, bacon purchases fall, eggs are no longer sent to Britain, the quantity and price of cheese have dropped and some exports of forest products are being drastically curtailed," he said.

"The logical short-term solution is for us to accept payment for a substantial part of our exports in sterling. The funds so obtained could be invested in the sterling area or left on deposit to buy sterling area goods when they become available."

He said Canadian producers could be paid in Canadian dollars "made available from our budgetary surpluses or from the Bank of Canada."

Such a course would bring on inflation, Mr. Coldwell admitted, but this policy would involve the re-imposition of some controls and subsidies, "which, properly instituted, might make inflationary issues of currency unnecessary."

Mr. Coldwell sat in on the one-day session of the C.C.F. National Council today. The sessions are closed to the press.

Alleges Combine To Fix Match Prices

Premier Jones Interviewed At Federal Capital

OTTAWA, Jan. 9 — (CP) — The Eddy Match Company was accused today of being a leading member of an international cartel controlling the wooden match industry in Canada.

Charges that the cartel deliberately attempted to stifle competition in Canada by buying out independent producers are contained in the report of F. A. McGregor, retired combines investigation commissioner.

The report, released today by Justice Minister Carson, is being studied by the Justice Department which will decide whether to take legal action against the alleged price-fixing combine.

The 194-page report charges that:

1. A Canadian monopoly was established in 1927 when E. Bryant and May Ltd., of England and Diamond Match Company of the United States merged the business in the Eddy Match Company.

2. As soon as the merger was arranged, prices of matches were increased in Canada and Eddy Match has made large profits ever since.

3. Establishment of a monopoly was deliberate.

4. Eddy Match, with head office in Pembroke, Ont., is the dominant firm in the alleged monopoly in Canada.

5. Commonwealth Match and Federal Match, both of Hull, Que., and Valcourt Company of Montreal are Eddy subsidiaries taking part in the price-fixing combine.

6. Such methods as "fighting" brands, low prices in specific areas, confidential discounts and rebates have been used to eliminate independent match producers. "Fighting" brands are special products manufactured to meet price competition.

7. The monopoly was maintained throughout the years by purchase of such independent companies as Aurora Match of Aurora, Ont., in 1928; Columbia Match of St. Johns, Que., in 1932; Federal Match of Hull, 1940, and Western Match of Victoria, B.C., in 1949.

The only specific recommendation (Continued on Page 5 Col. 4)

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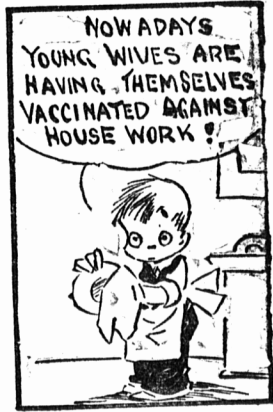
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Nowadays young wives are having themselves vaccinated against house work!

TORONTO, Jan. 9 — (CP) — Minimum and maximum temperatures Vancouver 27, 31; Victoria 30, 37; Calgary 14B, 11B; Regina 12B 4B; Winnipeg 9B, Zero; Toronto 20, 42; Ottawa 12B, 10; Montreal 6B, 11; Quebec 11B, 11; Saint John — 13; Moncton 18B, 11; Halifax 5B, 13; Sydney 5, 13; Yarmouth 2, 24; St. John's 9, 10.

HALIFAX, Jan. 9 — (CP) — Official inland forecasts issued tonight by the Dominion Public Weather Office at Halifax:

Synopsis: Monday was extremely cold over the forecast district. In New Brunswick, Prince Edward Island and parts of Nova Scotia the high temperatures were near zero, but at Liverpool the temperature rose to 29. There is snow or snow-furries in most regions.

The cold air mass will continue to cover the district Tuesday, but temperatures will moderate in all regions.

Regional forecasts, valid until midnight Tuesday:

Prince Edward Island: Tuesday cloudy and much milder. Light winds. Low early Tuesday morning and high in the afternoon at Charlottetown zero and 25.

High tide today at 2:28 A. M. and 3:18 P. M.

Summer tide eight minutes later than Charlottetown.

BORDEN-TORMENTINE FERRY SERVICE WEEK DAYS

Lv. Borden Lv. Cape Tormentine 9:10 A.M. 2:40 P.M.

Expect Bacon Trade To Resume With U. S.

OTTAWA, Jan. 9 — (CP) — With the United Kingdom market declining Canada has decided to allow her pork producers to ship bacon to the United States for the first time in a decade.

The industry likely will be told within a day or two that export permits will be made available for shipment of surplus smoked or cured pork to the U.S.

The permits will not cover shipments of fresh pork or whole pigs either in live or dressed form.

This change in policy follows the recent announcement that the U. K. will buy only 60,000,000 pounds of top-quality bacon from Canada at a reduced price of 29 cents a pound.

Last year Canada sold the U. K. 100,000,000 pounds of grade A Wiltshire at 36 cents a pound. The drop in price sparked demands that the Federal Government re-open the U.S. market, closed early in the Second World War when the U. K. placed contracts for the shipment of as much as 700,000,000 pounds of Canadian bacon in one year. The U. S. market had to be cut off to send every available pound of the U. S. and U. K. Both the U. S. and Canada are

ed barriers against the movement of pork products between the two countries.

Through these barriers trickled a little U. S. fat-back bacon to fill demand in Newfoundland, Ontario and Quebec.

Recently, the U. S., with a large surplus of standard-quality pork, has been trying to increase its market in Canada and the embargo against the U. S. product worked to the advantage of Canadian producers. The U. S. product would have sold at a low price in Canada than the Canadian product.

Now with the British market reduced and prices lowered, there have been repeated demands that the Federal Government support the price of bacon and reopen the U. S. market.

In his recent announcement of the Anglo-Canadian bacon contract, Agriculture Minister Gardiner said the embargo likely would be lifted next July when the support price of 32.5 cents a pound for Grade A Wiltshire is withdrawn.

Canada then would have to consider removing the embargo against U. S. pork. What effect this would have on Canadian prices is unknown.

Former P. E. I. Man Dies In Alberta

CALGARY, Jan. 9 — (CP) — Walter Denton MacLean, 64, consultant architect for Government House in Regina and a resident of Alberta since 1904, died Saturday. He was born in Charlottetown where his father, G. A. MacLean, was a foundry owner.

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