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The Guardian

Sunny, becoming cloudy in afternoon. Continuing warm. Low-high at Charlottetown 58 and 80.

"Covers Prince Edward Island Like The Dew"

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CHARLOTTETOWN, CANADA TUESDAY, JULY 15, 1958

NOT MORE THAN FIVE CENTS

TOTAL OVER \$6 BILLION

Ottawa Stages Largest Fiscal Move In History

'Aladdin's Lamp' Basis Proposed

By HAROLD MORRISON

OTTAWA (CP) — The government Monday embarked on an "Aladdin's lamp" type of financing, offering new bonds for old to the tune of \$6,416,000,000, the largest financial operation in Canadian history.

It offered a variety of medium and long-term bonds to the 2,000,000 persons and corporations, banks and other institutions holding wartime victory bonds. To get them to convert, the government offered higher interest rates and cash bonuses that may add another \$400,000,000 or \$500,000,000 to the national debt.

At the same time, it created some "new money" by borrowing \$400,000,000 for five months from the chartered banks and the Bank of Canada at 2 1/2 per cent annual interest.

The experts called this step inflationary but their hope is that the government will be able to pay this off when the loan matures Dec. 15, through proceeds of the next Canada savings bond issue.

The seven-year and the 3 1/2-year bonds will not be available to holders of the eighth and ninth victory loan issues. The 3 1/2-year bonds also will not be available for the seventh victory loan bonds.

The conversion operation will serve several purposes. It is designed to remove the present uneasiness in the bond market created by the uncertainty of what the government planned to do about the maturing victory loans.

Some of these victory bonds were callable before maturity. It also is designed to open more of the short-term bond market for future government financing operations by attracting holders of what are, in effect, short-term bonds into long-term issues which won't mature for some years, when possibly the federal treasury may be in better shape.



HANGED IN REVOLT IRAQ'S CROWN PRINCE ABDUL ILAH

British Embassy Smashed In Pro-Nasser Iraq Revolt

By WILTON WYNN

BEIRUT, Lebanon (AP) — Revolutionists backing the Nasser movement proclaimed a republic in Iraq Monday, hanged the crown prince, wrecked the British Embassy and slit the Baghdad Pact.

The army leaders directing the coup declared military forces in the country had rallied to their side and "the situation has finally been stabilized."

The fate of young King Faisal and his premier, Nuri Said, remained a mystery. A cryptic Baghdad broadcast heard in Damascus called for public support for "bullets and shells pouring on the royal palace and the palace of Nuri Said."

The revolutionists said Crown Prince Abdul Ilah, Faisal's uncle, had been hanged in the heart of Baghdad.

The British ambassador and his staff were reported safe after the embassy was ransacked and burned.

Virtually all direct communication with Baghdad was cut off and Iraq's borders were ordered closed.

Most of the information on the sudden, shattering events came from the Baghdad radio.

It said a republic had been established following the "liberated Arab" policies of President Nasser of the United Arab Republic of Egypt and Syria.

The coup, if successfully carried through, smashes the central arch of the anti-Communist Baghdad Pact and the new Arab Federation of Jordan and Iraq.

King Hussein of Jordan quickly proclaimed himself chief of state of the Iraqi-Jordan federation in succession to Faisal, his cousin. But many observers believed Hussein's days also are numbered unless he receives substantial support from the West.

A showdown throughout the Middle East appeared at hand.

Radio Baghdad said Iraq was under firm martial law with Brig-Gen. Abdel Karim Kassem, a fervent nationalist, heading a new cabinet.

It denied other broadcasts that fighting still was going on and repudiated a report that Abdul Ilah a power in the monarchy of King Faisal, still was at the head of Iraqi army units fighting the rebels.

"This report is contradictory," said Radio Baghdad, "because the Iraqi people this morning saw the body of the traitor hung before the ministry of defence."

Further, military positions all over Iraq have fully supported the movement.

There were conflicting reports about Nuri Said, a longtime Communist - bloc broadcaster, which hailed the coup as a triumph, but later accounts heard in Jerusalem said he was still alive.

Fighting was reported around Faisal's palace and some Communist - bloc broadcasts, which hailed the coup as a triumph, but later accounts heard in Jerusalem said he was still alive.

There also was no clear word on Western officials and citizens caught up in the rapid-fire events in oil-rich Iraq.

Advices reaching London by way of the Italian government said mobs had ransacked and set fire to the British Embassy in Baghdad. Foreign office spokesmen in London said they had been out of touch with the embassy since Monday morning.

Prime Minister Macmillan summoned an emergency meeting of his cabinet to take up the situation in Iraq.

The U.S. Embassy in London said the latest reports it had received from Baghdad said the American Embassy there was safe.

American and British passengers arriving in London from Baghdad said troops with fixed bayonets were patrolling the city when they left, but that everything seemed quiet. They took off from Baghdad three hours before the radio reports of the coup were received.

The Iraq revolt gives added emphasis to recent demands in Western capitals for drastic reappraisal of the West's policies in the Middle East.

The Baghdad Pact, which sought to align a solid bloc of Moslem powers with Britain in an anti-Communist wall, already was threatened by Soviet penetration through economic agreements with Nasser and his Syrian partner in the United Arab Republic.

If the Iraqi rebels take their country into Nasser's bloc, the pact becomes a dead letter.

For the West, the sole alternative to an attempt to reconquer the entire Arabian peninsula by force of arms is recognition that Arab nationalism has come to stay in the Middle East, that Nasser is its chosen leader and that failure to come to terms with him will force him to strengthen his ties with the Soviet Union.

One of the most hopeful developments in the confused Middle East picture in recent months has been the indication that Nasser is determined to maintain a neutral position in the general tug-of-war between the West and the Communist bloc.



VICTORIA ACCLAIMS PRINCESS

Princess Margaret has been caught up in a whirl of activity in the course of her Canadian tour, which is now centred in Victoria. Above she is shown standing to inspect a guard of honor. In background, left to right, are Defence Minister George Pearkes, representing the Prime Minister, Cmdr. Gar Dixon and Brig. J. W. Bishop (CP Wirephoto)

FURTHER OVERTURES

MP's Press Ottawa For Better Deal On Potatoes

That Prince Edward Island potato producers may still receive some consideration in regard to a support price for unsold potatoes was held as a possibility by John A. Macdonald, M. P. for King's County who said last night that he along with his colleagues, Heath Macquarrie and Dr. Orville Phillips have been in the Province since last Saturday and yesterday made representations to Ottawa on behalf of the industry here.

The Price Support program received a stunning blow last Friday when it was announced by L. W. Pearsall following an inspection by E. A. Eardley of the Fruit and Vegetable Branch that potatoes lacking in firmness could not be considered as Canada No. 1 and were therefore ineligible for consideration under the plan.

Inspection of potato bins in the Province, Mr. Macdonald said, would be delayed for a few days pending the outcome of these negotiations. He and Mr. Macquarrie leave for Ottawa this morning. Dr. Phillips will remain in the Province for a few extra days.

Mr. Macdonald said he was quite surprised to learn last Friday at Moncton that the negotiations in regard to relaxation of inspection regulations had "fallen through".

He stated that previous to Mr. Eardley's visit to the Province, the Island members had long consultations with L. W. Pearsall of the Agricultural Stabilization Board and Mr. Pearsall had told them Mr. Eardley was being sent to the Province "to make the plan work".

"It was our assumption," said Mr. Macdonald, "that the Ottawa Inspector would take a more realistic view of the situation and see fit to relax certain regulations when it was well known that firm potatoes are most difficult to find at this season of the year."

The Island M. P.'s due to the death of Mr. Harkness's brother, were unable to contact the Minister of Agriculture yesterday but got in touch with the Prime Minister regarding the matter.

Mr. Macdonald said that although he would like to have seen a larger support price offered than the 45 cents per 75 lb. bag, it was comparable to the support being offered New Brunswick growers when it was considered that grading, bags and transportation were eliminated in the Island deal.

He recalled that when the P. E. I. Marketing Board approached the Price support board in 1955, they were offered 20-25 and 30 cents per bushel, an offer which they saw fit not to accept.

Mr. Macdonald had high praise for the work done on behalf of the Island farmers by W. A. MacLennan, chairman of the Potato Marketing Board, and by R. L. Burge, Board Member. "Both these men worked tirelessly and unselfishly in the interests of our producers," he said.

Meanwhile negotiations are going on, applications for assistance still continue to pour into the office of the Potato Marketing Board. Yesterday at mid-afternoon, the Board Secretary, Miss Margaret MacMillan said the number of applications had now exceeded the 400 mark.

In addition Council were given an outline of the 1958 street program by Councillor O'Neill, chairman of the Street Committee.

ENGINEER'S SUGGESTION The five plans suggested by Mr. Crandall for ultimate disposal of Ward Six sewerage and drainage were as follows:

(a), continue the 60-inch pipe through Government Pond along the harbor bottom to the dispersal area near the Three Tides;

(b), split the combination system at the head of the Pond, carry sanitary wastes to the Three Tides by means of a 18-inch pipe on the harbor bottom; carry surface drainage 300 feet beyond the seawall in 60-inch pipe;

(c), allow surface drainage to spill into Government Pond, and carry sanitary wastes to Three Tides by means of 18-inch pipe as above;

(d), continue the 60-inch pipe down West Street along waterfront behind new naval barracks behind new naval barracks and thence to Harbor via Connelly Wharf area—a distance

(Continued on page 2 Col. 6)

to equip the new playground to be constructed in the City's East End; and acceptance of the resignation of Sergeant A. J. Lund from the City Police Force.

"We have been looking at the situation, and we always reach the conclusion that the traffic available is not enough to justify the kind of hotel that the CNR would be prepared to build," Mr. Gordon said.

He was replying to questions before the Commons railway committee from William Creaghan (PC - Westmorland). Mr. Creaghan suggested the possibility of a CNR hotel at Moncton.

Of the CNR's Charlottetown hotel, he said it does not make a profit and, if it were under consideration now for construction the CNR would not build it.

Mr. Gordon said no immediate plans have been made to expand the Newfoundland Hotel in St. John's.

"But there is a possibility of a change in the situation that could make us take another look," he said.



JOHN BUTLER

Wouldn't Build Hotel Here Now

OTTAWA (CP) — President Donald Gordon of the CNR said Monday night the company has no plans for a hotel in New Brunswick, the only province in which the CNR has no year-around hotel.

"We have been looking at the situation, and we always reach the conclusion that the traffic available is not enough to justify the kind of hotel that the CNR would be prepared to build," Mr. Gordon said.

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Implications Are Grave For West

By KEN METHERAL

Canadian Press Staff Writer The implications for the West of the Iraq crisis are both grave and far-reaching.

Iraq has been one of the foundations on which Britain in particular and the West in general have built their Middle Eastern policy. It is the keystone of the Baghdad Pact, a major source of oil and the last Arab power that has remained outspokenly friendly to the West.

Iraq's government has been the focal point of resistance to Nasser's Arab nationalist movement and the tottering regimes of Camille Chamoun in Lebanon and King Hussein of Jordan can scarcely hope to survive it for long without the large-scale military intervention that the West has sought to avoid.

PACT UNPOPULAR The memory of Suez underlines the risks involved in military intervention. Besides it is questionable whether any Arab government could hope to command popular support if it were forced to rely on Western troops to stay in power.

The government of Nuri Said is a case in point. Although it, rule was frankly authoritarian, it had brought relative prosperity to Iraq and owed its unpopularity almost entirely to the premier's steadfast support of the Baghdad Pact.

Amalgamated Dairies and a most obliging neighbor who will be sadly missed by all.

He is survived by his second wife, the former Florence MacCaul. His first wife having predeceased him about 30 years ago. Three sons, Albert, Sydney River, Cape Breton; Ralph, Central Bedque, and Arnold, at home; also one daughter, Marion Mrs. Montague Gardiner, Central Bedque.

He is also survived by two brothers and three sisters, William, Red Deer, Alberta; George, Central Bedque; Miss Janie Lord, Red Deer; Mabel, Mrs. Hance Hunter, St. John, N. B.; and Irene, Mrs. (Dr.) Richardson, Quelpah, Ont. There are also 7 grandchildren.

Funeral arrangements had not been completed last evening.

Edwin Lord Killed By Farm Tractor

Edwin Lord, 69, of Central Bedque was killed instantly last evening about 7:00 o'clock when the tractor he was driving near Lower Freetown rolled over and pinned him underneath.

Mr. Lord was returning a sprayer he had borrowed to kill mustard to Walter Bernard's, Freetown and was only a short distance from Ross' Corner when the tragedy occurred.

He was reported to have been seen looking back at the sprayer just before the tractor overturned and rolled several times inflicting chest injuries that were almost instantly fatal.

Mr. Lord was a prominent and successful dairy breeder and took a very active part in church and community activities. He was a trustee of the Bedque United Church, a director of

Amalgamated Dairies and a most obliging neighbor who will be sadly missed by all.

He is survived by his second wife, the former Florence MacCaul. His first wife having predeceased him about 30 years ago. Three sons, Albert, Sydney River, Cape Breton; Ralph, Central Bedque, and Arnold, at home; also one daughter, Marion Mrs. Montague Gardiner, Central Bedque.

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Commons Hours Are Lengthened

OTTAWA (CP) — Prime Minister Diefenbaker, introducing a resolution to have the Commons add 7 1/2 hours to its 25 1/2-hour work week, indicated Monday Parliament will sit without adjournment until the present session's business is concluded.

CCF members opposed the move, which would see the House add Friday evenings and Saturday mornings and afternoons to the present five-day and three-evening week.

CCF House leader Hazen Argue charged the government with putting pressure on members. If, within a week or two, still more hours were added the government would be making a "mockery of Parliament itself."

Works Minister Green, government House leader, retorted that the eight-member CCF group was resorting to obstructionist tactics and attempting to exert an influence out of all proportion to its members. The House comprises 263 members of all parties, and has two vacancies.

Middle East At-A-Glance

By THE ASSOCIATED PRESS

Iraq — Pro-Nasser revolutionists proclaimed a republic and declared they were in control with the support of military forces throughout the country. Fate of King Faisal and Premier Nuri Said unknown. Revolutionists said Crown Prince Abdul Ilah was hanged.

Washington — Congressional leaders reported the United States would send a military force into the rest of the Middle East, possibly to Lebanon or Jordan. The Iraqi situation was discussed at an emergency White House conference. President Eisenhower called for the United Nations Security Council to meet today to consider the Middle East situation.

Jordan — King Hussein proclaimed himself chief of state of Iraqi-Jordan federation in succession to his cousin, Faisal.

Turkey — Moslem members of Baghdad Pact met without Iraq delegates.

Lebanon — Lebanese rebels heartened by Iraq coup, were seen as less likely to compromise on issue of Lebanese presidential succession.

Cyprus — Rioting and Greek-Turkish Cypriot violence continued despite strict British-imposed curfew.

43 CANADIANS THERE

OTTAWA (CP) — Forty-three Canadians are known to be in Iraq, where a military coup Monday ousted the pro-west regime of King Faisal.

An external affairs department spokesman said that of the 43 registered with the British Embassy in Iraq, 39 reside in the capital of Baghdad and four reside at Kirkuk in the country's northern sector.

"We do not know what British officials in Iraq are doing about it, but in any arrangements they may have to make they will look after Canadians on the same basis as British citizens," the spokesman said.



SURVEY P.E.I. WATERS

A shore based launch party, under direction of C. M. Leadman of Ottawa, is presently charting the north coast of

Prince Edward Island. Members of the party are shown aboard leaving Alberton harbour aboard sounding launches the "Merganser" and the "Teal". The charting project by the Federal Department of Mines and Technical Surveys, is expected to be completed by mid-October. All members of the party are based at Alberton

Investment Houses Welcome Govt.'s Refunding Operation

By FORBES RHUDE

Canadian Press Business Editor TORONTO (CP) — Investment houses Monday gave a roaring welcome to the government's announcement of a mammoth \$6,400,000,000 refunding operation.

N. D. Young, vice-president of Dominion Securities Corporation Ltd., and a former president of the Investment Dealers' Association of Canada, said:

"This is one of the most courageous, imaginative and constructive pieces of financing I have ever seen."

D. S. Beatty, president of Burns Brothers and Denton Ltd., said: "There has been nothing to approach it in magnitude in peace or war. I didn't think it was possible to both combat inflation and stabilize the bond market in the manner this action does."

W. P. Scott, vice-president of Wood, Gundy and Co. Ltd., commented: "It seems to me to be a very bold and imaginative attempt to lengthen out the country's debt and to induce the public to remain holders of government bonds."

Already the drive is under way to get holders of victory loan bonds to exchange them for the new issues.

Big accounts will be sought out immediately — though it is indicated that the public drive will get its main kick-off Aug. 5.

And the public holdings are huge. One dealer estimated that more than 2,000,000 Canadians hold \$2,000,000,000 worth of victory bonds in denominations of \$50, \$100 and \$500.

All the investment spokesmen reached expressed confidence that the appeal will be successful, but they didn't minimize the task in front of them.

Minister Was In Washington

HANCOCK, N.H. (AP) — Rev. Hartwell Daley, 44, Methodist minister missing from his home here since July 5, was in Washington last Friday, police said Monday.

Daley, on leave of absence from Pleasant Street Methodist Church, Waterville, Me., called at the office of Representative Frank M. Coffin (Dem. Me.) and sent 15 minutes chatting with the congressman, office said.

At the time Coffin and his staff were not aware that Daley's wife had reported him missing.

The search had spread to Prince Edward Island after officials there were told several papers referring to the island were found in the minister's abandoned car, found 40 miles from here