If It's Good For The Island
The Guardian Is For It

The Guardian

"Co... ...sland Like The Dew"

VOL. LXXIX NO. 252 — Authorized as Second Class Mail by the Post Office Department, Ottawa and for payment of postage in cash. — ...OWN, CANADA, FRIDAY, OCTOBER 28, 1966. — NOT MORE THAN TEN CENTS — 18 PAGES

HOUSE COMMONS
READING ROOM
OTTAWA ONT
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WEATHER
Scattered showers; southwest winds 20, becoming northwest 15. Low-high 35 and 55. Saturday: cloudy.

HAVE LITTLE SUCCESS

Premiers Keep Heat On Sharp For Bigger Slice Of Tax Pie

By DENNIS ORCHARD

OTTAWA (CP) — The provinces made a final, strenuous statement of their claims on federal money Thursday and the cabinet went into a late-night session to deliver a judgment.

The verdict was to be laid today before the federal-provincial fiscal conference in the final hours of its week-long discussions.

Finance Minister Sharp told a news conference Thursday night that he did not give an inch on the federal proposals for tax-sharing announced last month.

But, he added, that no new federal decisions could have been made Thursday.

All provincial premiers were asking Ottawa to turn over considerable portions of its tax resources to them.

Among Thursday's demands were Manitoba Premier Roblin's request for transfer of more than $1,000,000,000 a year to the provinces and Quebec Premier Johnson's bid for $150,000,000 a year to the provinces, accelerating a $1,000,000,000 a year by 1971-72.

HIT SNAG

Mr. Sharp also said that he and the premiers hit a snag in trying to decide how to make public a series of secret projections on the course of federal, provincial and municipal budgeting for the next five years.

The provinces claim the estimates back their case that Ottawa must turn over some of its revenues to them.

"The more that we have discussed the implications the less enthusiastic we have been about publishing them," Mr. Sharp said.

The finance minister also hinted that Premier Johnson has had stronger words to say this week in public than behind closed conference doors.

BLASTS SHARP

Mr. Johnson told reporters Mr. Sharp was substituting himself for the BNA Act and even acting as a tribunal to interpret the act.

"We appear to be getting along very well in the conference," Mr. Sharp said. "There has been no suggestion he is not satisfied with my chairmanship in the conference."

Mr. Sharp said no previous federal finance minister had exercised "such scrupulous regard for the British North America Act and I think Mr. Johnson knows that."

In turn, he said, Mr. Johnson had upheld the interests of his province admirably "and I have no dissatisfaction with Mr. Johnson as the premier of Quebec."

The finance minister repeated his promise that higher taxes are the prospect for the supplementary federal budget — he called it his minibudget—expected in November.

But it was "a bit of fiction" to put a specific percentage on the increase as many reporters did Wednesday. About $600,000,000 in new federal expenditures appear certain in 1967-68.

NOT ALL FROM NEW TAXES

The increased cost of a new equalization scheme, of higher education grants to the provinces, and of supplementary old age pensions, would have to be met "by increases in revenues." But some of the cost would be met from existing tax rates, which would provide larger yields next year than this year.

Mr. Sharp said officials would work overnight to try to put the confidential revenue and expenditure forecasts into a form that could be published.

ONTARIO AND . . . para 9 —NL145

Ontario and Manitoba led a campaign to release the projections. The provinces say the figures back their demands for more of the tax money now being used by Ottawa, by showing future surpluses on federal operations and growing deficits in combined provincial and municipal budgets.

A conference source said Thursday's meeting lapsed into near - harmonious chat during discussion of Ottawa's formula to stabilize provincial revenues.

This scheme guarantees provincial revenues against any major decline in times of recession.

If the general revenues of any province in any year drop below 95 per cent of the revenues in a previous year, Ottawa will make up the difference to the 95-per-cent mark.

Gov.-General Enters Hospital

OTTAWA (CP) — Governor-General Vanier, 78, was admitted to hospital Thursday for a general medical check-up.

He was ordered to bed Tuesday with influenza.

The check - up was recommended by his doctor, Government House said.

Government House added that the check-up is connected with the influenza, but said there is no cause for alarm.

South Africa Mandate Over S-W Africa Ends

CARL BURKE, (CENTRE LEFT) vice - president of Industrial Enterprises and E. Bjerre-Petersen, president of Abegweit Maritime Industries seal the formal negotiations to establish a $1,500,000 seaweed processing complex in the province with a handshake. Looking on are (LEFT) W.A. Rix, Jr., of the Industrial Enterprises board of directors, and Archie MacArthur, vice-president and general manager of Abegweit Maritime Industries.

General Assembly Makes Proclamation

UNITED NATIONS (AP) — The General Assembly proclaimed Thursday night the termination of South Africa's mandate over South-West Africa.

It declared that henceforth the giant territory "is a direct responsibility of the United Nations."

Culminating a long and bitter debate, the 121-nation assembly approved by a vote of 114 to 2 with three abstentions a resolution setting out the most drastic UN action ever contemplated in an effort to compel South Africa to give up its rule over the territory.

Hilgard Muller, South Africa's foreign minister, warned that his country regarded the resolution as illegal and, therefore, could not be expected to agree to its demands. He warned also of consequences that could arise from what he described as "reckless action."

The U.S. and the Soviet Union voted for the resolution. France and Britain were among those who abstained.

The United States voted yes despite rejection of arduous efforts by U.S. Ambassador Arthur Goldberg to persuade the Asian-African countries to accept amendments which he said would "harmonize the views of the assembly."

Negative votes were cast by South Africa and Portugal.

The resolution reflected bitterness among the African nations against South Africa's racial segregation policies and their alleged application to the 318,000-square-mile territory it took over in 1920 under a League of Nations mandate.

In addition to declaring that the mandate was terminated and the territorya UN responsibility, the resolution established a 14-nation special committee to recommend practical means for UN administration of the territory so that it could be placed on the road to independence.

It set a deadline of April, 1967, for receiving the committee's report, which would be considered at a special assembly session.

Chatham Transfer Denied

SAINT JOHN, N.B. (CP) — Group Capt. William Lee, special assistant to the defence minister, said Thursday recent reports of consideration being given to move the RCAF station in Base Chatham, N.B., to Base Gagetown, N.B., are not true.

Group Capt. Lee said if the rumored move were to take place, it would mean the defence department would have to construct an airfield at Base Gagetown and give up costly facilities at Chatham.

He said if the reports had been given consideration anywhere, it has not reached the ministerial level.

Group Capt. Lee said the defence department is involved in a giant program to reduce costs to the taxpayer, with consolidation of air bases part of the program.

"We find ourselves in the position today where we have too many bases for the forces that are being supported by them," he added.

Fire Destroys City Of Quibdo

BOGOTA (AP)—The government announced Thursday that the city of Quibdo in northwest Colombia has been destroyed by one of the worst fires in the country's history. Quibdo, a city of 40,000, is about 200 miles northwest of this capital.

San Carlos Palace, the government house, estimated that 20,000 persons were left homeless and calculated the losses could reach $9,000,000.

Graham Planning Viet Nam Visit

BERLIN (AP) — American evangelist Billy Graham announced Thursday he plans to go to Viet Nam in the near future and "preach the gospel" to American soldiers there.

"I'd go to Hanoi also," he said, "but I am not sure that an American would be welcome in North Viet Nam."

Seaweed Processing Plant To Be Built In Parkdale

Austin A. Seales, president of Industrial Enterprises Incorporated confirmed last night that negotiations with Abegweit Maritime Industries Limited had been completed to establish a completely intergrated seaweed processing operation in the province. The processing division will be built on a site in Parkdale, while drying plants will be set up in Kings and Prince County.

Total capital investment represented in the vicinity of $1,500,000. Under the agreement Industrial Enterprises will assist in the building and equiping of the plants, while Abegweit Maritime Industries will be responsible for a large portion of the capital investment and the working capital required to operate the plants.

FIRST OF TYPE

Construction on the Parkdale site will begin in the spring of 1967, with production scheduled to begin a year later. It will be the first completely integrated plant of its type in Canada.

The plant will have an initial capacity of processing about 4,000,000 pounds of dry moss or seaweed annually. It will employ about 40 people, most of whom will be hired locally. Annual payroll is expected to top $225,000. In addition, the plant will handle the output of literally hundreds of harvesters who scrape the moss-like seaweed from the ocean bed.

The processing plant will extract concentrated lactogel and sydrogel from the raw product, reducing it to a fine grayish-white powder for export markets. The powder is used as a stabilizing and emuslifying agent in a wide variety of food products.

SEEK NEW USES

Abegweit Maritime Industries is a wholly owned subsidiary of LITEX, a Danish firm which is now the largest producer of lactogel and hydrogel in Europe. The company was a pioneer in the field, being established in 1938 by its present head E. Bjerre-Petersen, a chemical engineer turned industrialist.

LITEX now markets products from its factory in Copenhagen in over fifty two-countries around the world. The company is also active in research to find new uses for its products in a rapidly expanding area of food preparation.

Commenting on the successful conclusion of negotiations, Carl Burke, vice-president of Industrial Enterprises, said, "This is a significant forward step in the efforts of Industrial Enterprises to locate soundly financed industry on Prince Edward Island.

"In fact this is the first industry of a manufacturing nature that we have been able to locate here. It is important to

(Continued on page 3 col. 5)

Premier Welcomes New Plant

Premier Alex Campbell commented by phone last night from Ottawa, on the announcement that a seaweed processing plant and two drying plants will be established in Prince Edward Island.

He said: "The government of Prince Edward Island welcomes the announcement of P.E.I. that the province will now be in a position to move into the industrial treatment of seaweed. We welcome this development particularly in view of the fact that the new industry will locate facilities and provide jobs in two areas where seaweed is in excellent supply — namely East Kings, and West Prince.

"The government is informed that Mr. Petersen and his company have had much experience in this business. The combination of technical knowhow and a sizeable cash investment which Mr. Petersen and his associates bring to the enterprise should ensure its success.

"Through Industrial Enterprises the government offers every support and encouragement."

Minister Pleased

Hon. Cecil Miller, minister of fisheries, commented:

"Seaweed and moss harvesting has in the past been at best a seasonal operation. I am pleased that our fishermen will have the benefit of an extended season of operation and the assurance of a favorable home market for this rich harvest of the sea.

"We are pleased to have the assurance of Mr. Petersen, that wherever possible the administration of this enterprise will be conducted by Islanders. This will no doubt involve recruitment, not only from our universities, but from our technical training courses as well."

Johnson Makes Report To U.S.

BANGKOK (AP)—In a challenge to North Viet Nam, President Johnson says the United States and its allies in South Viet Nam have built a military shield "strong enough to prevent the aggressor from succeeding."

Until North Viet Nam withdraws its forces, "we must continue to resist the aggression that threatens South Viet Nam," he said in a report to the American people.

"We do so because we believe that the Communists will unbolt the door to peace only when they are convinced their military campaign cannot succeed."

The speech was recorded in Manila Thursday and released as Johnson spent the day relaxing at the resort village of Bang Saen in Thailand after 10 days on his Far-East tour.

VISITS BANGKOK

Today he goes by helicopter 68 miles northwest to Bangkok where he will be welcomed by King Bhumibol and Queen Sirikit.

The queen was reported Thursday to be suffering from a cold, but is expected to maintain her schedule in receiving and entertaining President and Mrs. Johnson on their two-day visit.

Johnson also will have an opportunity to see some of the 27,000 U.S. U.S. soldiers based in Thailand, although he is not scheduled to visit any of the five air bases from which American pilots fly to bomb targets in North Viet Nam.

Dief Charges Studebaker Made Killing In Car Deal

OTTAWA (CP) — Opposition Leader Diefenbaker said Thursday in the Commons that Canadian Studebaker made a "killing" in a deal with Volkswagen at the expense of Canadian taxpayers.

He said it was "wrong and unjustifiable" that Studebaker was permitted by the government to import 10,000 Volkswagen cars duty-free and sell them back to Volkswagen for sale at the full price in this country.

The transaction had lost jobs for Canadians in Canada.

Mr. Diefenbaker made his Commons remarks after Revenue Minister Benson said Studebaker was entitled under terms of the Canada-U.S. auto-agreement to import the Volkswagens free of the 17-per-cent duty.

The Opposition leader said the Canadian consumer did not benefit from the deal.

"This thing is wrong and unjustifiable in every sense of the world. Jobs were lost to Canadians. It permits the Studebaker company to make a large killing at the expense of the Canadian taxpayer. It denies jobs to Canadians, and the minister has the colossal effrontery to say it is good for Canada."

The Opposition leader said Mr. Benson had the "colossal effrontery" to say that the deal had been good for Canada.

It was the third straight day that the opposition had attacked the transaction, brought to light by Alfred D. Hales, Conservative MP for Wellington South and chairman of the Commons public accounts committee.

SAYS IMPORT ALLOWED

Mr. Benson tabled the Dec. 4, 1964, letter from his department to Studebaker Canada Ltd.—copy to Volkswagen Canada Ltd.—saying that Studebaker was entitled to import the cars duty-free.

Under the auto pact, a Canadian car manufacturer is entitled to import foreign cars duty-free by the same amount by which it increases production in Canada.

Mr. Benson said Studebaker claimed to have increased its

(Continued on page 3 col. 1)

Conservatives Said Guilty Of Removing Coat Of Arms

OTTAWA (CP)—Removal of the Canadian coat of arms from newspaper advertisements of the public works department was done by the former Conservative government, Works Minister McIlraith told the Commons Thursday.

Liberal MPs pounded their desks and roared with glee.

The minister, replying to a question posed Wednesday by John Loney (PC—Bruce), said he had found that instructions to newspapers deleting the coat of arms from ads for contract tenders went out in 1959.

Opposition leader Diefenbaker demanded more evidence. He said Mr. McIlraith had made previous statements like this "in keeping with the kind of chiselling this government does."

Mr. McIlraith said the Conservative leader had referred to the coat of arms issue during a TV broadcast Wednesday night and said the move was taken in the last few days.

After Mr. Diefenbaker' remark about more evidence the minister rose to protest but the exchange was halted by Speaker Lucien Lamoureux, who said there should not be debates on a question.

Russia, Allies Gather N. Viet Nam War Chest

WARSAW (AP) — The Soviet Union and its allies have reluctantly but resolutely pledged approximately $1,000,000,000 in goods and cash to North Viet Nam, informed Polish sources said Thursday.

They reported the war chest was collected at the recent Soviet-bloc conference in Moscow and written pledges have been given to a representative of Ho Chi Minh's Hanoi government. Official confirmation could not be obtained here.

The idea of sending volunteers to North Viet Nam has been abandoned, the sources said, because "the Vietnamese don't want a foreign legion. . . . European troops would be worthless." They wanted goods and cash for munitions, medicine and other supplies.

Moscow's pledge was stated as $800,000,000 and the total of the other East European contribution was about $200,000,000.

Asked whether this is for an entire year or for some other period of time, the Polish source replied: "This is for right now. God knows what will be needed four months from now."

WEARY OF WAR

Polish informants said the Soviet bloc is weary of the Vietnamese war and its growing cost and generally feels it would be desirable to persuade Hanoi to come to the conference table.

There is hope here that massive aid from the Moscow-aligned countries may in time persuade Ho to listen to advice while assuring him that he would not have to negotiate from weakness.

Much of the amount pledged will have to be in U.S. dollars, West German marks or other hard currency, informants said.

"This is so they (Hanoi) can buy in Hong Kong, Japan, Burma and West Germany," one Polish source said. "Many things they can get shipped easier from those countries than from us."

This was a vague reference to claims of Chinese interference with Soviet-bloc supplies shipped by land."

Memorial Proposed

OTTAWA (CP) — Opposition Leader Diefenbaker suggested in the Commons Thursday that Canada build a school in Aberfan, Wales, as a memorial to victims of the disastrous slide there.

This would be a fitting recognition of the contribution of Welshmen in Canada over the years, he said.

Prime Minister Pearson called the proposal "very imaginative and appealing" and said he will keep it in mind.

The prime minister told Mr. Diefenbaker Wednesday that the government is considering a contribution to a fund for survivors of the disaster.

Bicyclist From Quebec City Pushes Plan To Circle World

HALIFAX (CP) — A 27-year-old bicyclist from Quebec City is making plans to follow his cross-Canada jaunt with a call on Prime Minister Pearson and perhaps even an audience with Queen Elizabeth.

Claude Dube, who left his bartending job in Vancouver to start pedalling across the country Sept. 1, 1965, said in an interview Thursday he will leave by train for Ottawa "in five or six days" to seek an interview with the prime minister, whom he hopes will give him a letter for the Queen.

Dube arrived in Halifax Tuesday from St. John's, Nfld., where he completed his tour of all 10 provinces. He left Vancouver with a bicycle, a 200-pound trailer and $5 in his pocket.

He says he's ready to continue his plan of circling the globe on his bicycle. After leaving Ottawa, hopefully with the official letter from Mr. Pearson, Dube intends to pack his equipment on a train for Montreal and take a ship to London.

His ultimate aim is to travel around the world in 60 months and thinks a good way to start is by seeing the Queen if possible.

In the meantime, Dube, who says "the whole world is my country," is awaiting the return of Nova Scotia Premier Robert Stanfield from a federal-provincial conference in Ottawa. He wants to add a note from Mr. Stanfield to his collection of letters from seven Canadian premiers.

(Mr. Dube was in Charlottetown for a brief visit several weeks ago.)

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1914-15 VETERANS ASSOCIATION FORMED

The formation and business dinner meeting of the 1914-15 (Star) Veterans Association was held last night at the Charlottetown Legion. The association consists of all Islanders who were the first to serve in France. Many divisions of the First World War fighting forces were represented at the meeting which dealt with various business matters and the election of officers for the coming year. From the left are (SEATED) C.W. MacArthur, president of the organization; Bruce Wonnacott, secretary - treasurer; (STANDING) W.L. Delaney; C.C. Toombs; and J.B. Murley, all on the executive committee of the organization.

FIRST FOR PEKING

China Uses Rocket To Deliver A-Bomb

PEKING (Reuters) — China announced today that it detonated a nuclear device carried by a guided missile Thursday.

The nuclear explosion, announced by the official New China news agency, was China's fourth.

The agency said the missile flew normally and its nuclear warhead accurately hit its target at a fixed distance, resulting in a nuclear explosion.

The announcement said the test was conducted over Chinese territory, but did not pinpoint it nor give any other details.

This was the first time China has disclosed that it has a guided-missile delivery system for its nuclear weapons.

United States scientists have forecast China will not have a missile system capable of reaching North America until 1975 at the earliest.

U.S. Defence Secretary Robert McNamara predicted in March that China would have a nuclear strike capability of up to 700 miles within the next two or three years.

MOVING AHEAD FAST

The announcement by the New China agency said: "This successful test marks the fact that China's science, technology and defence capabilities are advancing at even greater speed."

It repeated China's previous assurances that "the conducting of necessary and limited nuclear tests and the development of nuclear weapons by China are entirely for the purpose of defence—with the ultimate aim of destroying nuclear weapons."

"We solemnly declare once again that at no time and in no circumstances will China be the first to use nuclear weapons.

"As in the past, the Chinese . . . will continue to carry on an unswerving struggle . . . for the noble aim of completely prohibiting and thoroughly destroying nuclear weaons."

China's first nuclear explosion took place Oct. 16, 1964, the second May 14, 1965, and the third, containing thermonuclear material, May 9 this year.

The agency said of Thursday's blast: "It is another new important achievement scored by the Chinese people in further strengthening their national defence and safeguarding the security of their country and the peace of the world."