

Slowdown On Construction Renews Inflation Debate

By KEN SMITH
Canadian Press Business Editor
Prime Minister Pearson's announcement of a deferment of some government construction projects to ease the pressure on Canada's building industry brought sharply mixed reactions and a renewed debate on inflation last week.

The decision was criticized by many labor leaders and construction executives, who saw in it a threat to employment and continued rapid growth, but economists generally approved of at least the theory behind it.

One of the biggest blasters came from Claude Jodoin, Canadian Labor Congress president, who said the government's reaction to the short-term scarcity of skilled workers and some materials could prevent attainment of long-term growth objectives.

Economists, however, agreed with the government that the present construction program—expected to total \$8,300,000,000 this year, 19 per cent more than in 1964—could cause dangerous bottlenecks in some key labor and material areas.

These shortages would inevitably mean a slowdown in the industry, as well as higher costs, says Dr. A. N. McLeod, chief economist with the Toronto-Dominion Bank.

SUPPORTS PLANNING
"If you're going to have a slowdown anyway, it's better to do it rationally."

The Bank of Montreal says in its latest economic review that there is a real question as to whether any further increase in capital spending can be achieved without considerable distortion in the economy.

A steel construction official noted that there are two classic responses to a shortage of labor or materials—reduce the demand on them or increase the supply. Both these, he says, now are happening.

"The government's reducing the immediate demand, while industry expansion will mean a greater supply in a year or so. And retraining programs should mean more skilled labor will be available."

But the Prime Minister's suggestion that private business cut back on its building programs for a while got little support.

"Our expansion program is a long-term project and we can't just turn it off or on at a moment's notice," said a steel executive in a typical response.

Concern about the inflationary effects of continued price pressures within the construction field occupied the thoughts of some economists.

Dr. McLeod, who noted price increases in construction spread quickly through the economy, said the rate of the

price rise has been accelerating lately and that surely in one sign of a distortion in the economy.

The Bank of Montreal, which had warned shortly before the government announcement that inflationary pressures are one danger sign in the Canadian economy, pointed out that in the nine months up to last June wholesale prices rose by more than three per cent.

Summed up Dr. McLeod: "A rise of even one or two per cent in prices is one or two per cent too much."

The extent of the construction boom was shown in the latest figures from the Southern Building Guide's statistical bulletin, which reported the total dollar value of Canadian construction contracts for the first seven months of this year was \$2,986,812,000—an all-time high for that period and 18.1 per cent more than in the similar 1964 period.

Regionally, the bulletin showed Maritimes contracts down 31.5 per cent compared with last year; Quebec up 43.3 per cent; Ontario up 21.1 per cent; the Prairies down 9 per cent; and British Columbia up 99.2 per cent.

Elsewhere on the business scene coupon clippers had reason to remain happy.

DIVIDENDS RISE
The brokerage house of J. R. Timmins and Co. reported dividend payments by Canadian companies in the first eight months of this year have totalled a record \$714,991,700—13 per cent more than the \$630,394,000 in the similar 1964 period and 20 per cent higher than in 1963.

All four major categories showed sharply higher payments. With comparable 1964 figures in brackets they are: industrials \$356,741,800 (\$328,355,600); mines \$137,328,400 (\$113,963,500); utilities \$128,865,300 (\$103,664,300); institutional firms \$91,056,000 (\$64,800,700).

A generally cheerful picture came from half-year earnings reported by major companies. Two giants reported significant gains—International Nickel Co. of Canada Ltd. was up to \$75,846,000 or \$2.56 a share from \$70,921,000 or \$2.40 in 1964 while Bell Telephone Co. of Canada rose to \$42,030,000 or \$1.42 a share from \$35,688,000 or \$1.28.

On the basis of its record earnings, Inco increases its dividend to 70 cents a quarter from 62½ cents.

Lower earnings, however, were reported by Steel Co. of Canada, down to \$18,696,000 or 77 cents a share from \$20,214,000 or 84 cents. It blamed higher costs, increased provision for depreciation and inclusion in the 1964 figures of significant non-recurring items.

For the next five years it will be more than \$733,000,000.

Beginning in 1965, China sent construction crews to Mongolia. The maximum number was 13,000 according to official announcements, although some sources have said 20,000.

In April 1964, Peking said Mongolia had told the Chinese laborers to go home. Report from Mongolia said they were accused of subversive activities and spreading Chinese

propaganda on the Soviet-Chinese dispute. There were incidents involving workers and junior Chinese diplomats.

BUILDING BRIDGE
Diplomatic sources said the Chinese still in Mongolia are finishing apartment houses and a hotel in Ulan Bator, the capital, and building a highway bridge north of the city.

The Chinese ambassador in Ulan Bator was quoted as indicating relations are bitter. He accused the Mongolians of forcing the Chinese to import every single item they need to live there.

About 5,000 Soviet construction workers are working in Mongolia, the sources said. They are mostly in Darkhan, a new industrial city for 60,000 persons being built 120 miles north of Ulan Bator.

Mongolia is under Soviet military protection. Last September it accused China of scheming to absorb it. Mongolia long was

Salgon Says Ready To Send Viet Cong Aid

By EDWIN Q. WHITE
Associated Press Writer
SAIGON (AP) — North Viet

Nam has declared it is ready to respond to a call for help by the Viet Cong guerrillas.

"We must do and have fully the right to do all necessary things to defeat the U.S. aggressors and completely liberate our country," said the official newspaper, Nhan Dan.

But as broadcast from Hanoi, the newspaper statement indicated the Viet Cong, whose call on North Viet Nam for help

is was made public Friday, might not need assistance just now.

The Viet Cong call was in answer to President Johnson's announcement July 28 that 50,000 more U.S. troops would be sent to South Viet Nam.

The newspaper said the Viet Cong guerrillas have "all moral and material conditions to continue their sacred war of resistance until final victory."

tacks on South Vietnamese government outposts and towns in Chuong Thien province, 105 to 120 miles southwest of Saigon.

QUEEN STAMPS TOO
WINDSOR, England (AP)—The Queen joined other spectators on the polo field at half-time Saturday to tamp down the turf kicked up by the horses of her son, Prince Charles, and the other players. The prince failed to score and his team lost 5-3.

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Old Indian Fishing Weirs Probed By Archaeologists

ORILLIA, Ont. (CP) — Amateur divers and archaeologists are working near here this summer to investigate the remains of 350-year-old Indian fishing weirs.

About 20 enthusiasts are mapping The Narrows between Lake Simcoe and Lake Couchiching under the supervision of Walter Kenyon of the Royal Ontario Museum, Toronto.

The fishing weirs used by the Huron Indians were described by Champlain in the journal of his visit to the Orillia district 350 years ago this summer. This is one of the projects being carried out on the 350th anniversary of Champlain's visit to the Orillia area.

Dr. Kenyon described the significance of his work in these terms: "There are many unknowns in this thing. I won't really know in detail how I will record this until I try it for size. I'm working in a busy place and should get on with it. I'll simply stop working."

The location of the old weirs was pointed out to Dr. Kenyon and the divers by Graydon Byers, a marina employee.

"In the springtime you can see the stakes quite clearly," he said, "but in the summertime, with the weeds grown up, they're impossible to see."

The project is under the direction of the Archeological Council for Canadian Waterways. ACCW, pronounced 'aqua,' this group was organized as a result of the first Canadian conference on underwater archeology in Toronto last April. The purpose of ACCW is to co-ordinate any discoveries made by divers so the maximum of scientific and historical knowledge can be realized from the finds. Dr. Kenyon is the research director for

ACCW and Jean Slater of Toronto is the chief diver. The fishing weirs were built by the Hurons to channel fish spawning in the spring into a section of The Narrows where they could be netted or speared.

Fish were an important part of the Huron diet and were used as fertilizer for their corn crops. The object of the exploration by the scuba divers will be to find whatever is left of the fishing weirs, the posts, their spacing, their locations, the type of wood, in fact anything on the channel bottom which might pertain to the fishing weirs.

A diver, swimming on the bottom, will hold an aluminum pole vertically up from the location of every stake found under water. Two professional surveyors will take bearings on this pole, enabling a definite position to be established for each stake.

The exploration is, in the words of Dr. Kenyon, "an attempt to record in detail something that might prove significant in the future."

He has known of the existence of these fishing weirs of the Hurons for many years, ever since he studied archeology as a student. Now, as an archeologist with the ROM and as a colleague of his old teacher, Dr. Kenyon is trying to solve the historic-scientific problem posed by the reference in Champlain's journal.

The diving operations are being carried out by volunteers who hold regular jobs during the week. This requires the work to be done, or at least attempted, on the weekends when these volunteers are not working.

The ACCW is providing the organizational system for the mapping project, but the divers are assuming much of the cost themselves.

Chinese Ignoring Request To Leave Outer Mongolia

MOSCOW (AP)—Chinese laborers are still working in Outer Mongolia 16 months after Peking announced the Mongolians asked them to leave, diplomatic sources said here.

Amid great bitterness 4,500 Chinese laborers are finishing construction projects in the Asian Communist country sandwiched between China and Soviet Siberia.

Mongolia, with slightly more than 1,000,000 persons living in an area about the size of Quebec, has been a Soviet ally for four decades.

The Chinese have retaliated against Mongolia for siding with the Soviet Union. They have blocked the landlocked country's trade through the nearest ports in north China. Foreign trade is uneconomic over long Russian rail routes. China also has withheld new aid and cut down trade with Mongolia.

DEPENDENT ON RUSSIA
The result has been to make Mongolia even more dependent on the Soviet Union. Moscow has had to make special aid allocations to Mongolia.

Total Soviet aid from 1961 through this year has been announced as about \$500,000,000.

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