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

The Guardian

"Covers Prince Edward Island Like The Dew"

WEATHER
Showers and thundershowers by evening. Winds southwest 20. Low-high 55 and 75. Sunday: clearing and cool.

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DECLARES NATIONAL EMERGENCY

Premier Nguyen Khanh, right, addresses news conference in Saigon Friday at which he declared a state of national emergency in South Viet Nam. Behind him, from left, are Deputy Premiers Nguyen Ton Hoan and Nguyen Xuan Oanh and Foreign Minister Phan Huy Quat. (AP Wirephoto via cable from Saigon).

Small Boy Loses Life In Brook

A two-and-a-half-year-old boy drowned yesterday in a brook across the road from his home on St. Patrick's Road, Hope River.

Alan Wade Gallant, the son of Mr. and Mrs. Alfred J. Gallant, was found in the water by his mother and taken to the Hunter river office of Dr. K. G. Ellis about 11 a.m.

Half an hour of artificial respiration failed to revive the child.

The remains were transferred to the Charlottetown Funeral Home. Funeral arrangements will be announced later.

There will be no inquest, Coroner Dr. A. Coady said last evening.

The child is survived by several brothers and sisters as well as his parents.

Opting-Out Formula Seen As Fostering Separatism

POINTS UP P.E.I. NEED

Douglas Makes Plea For Pool Of Taxes

By FARMER TISSINGTON
Capital Bureau, the Guardian

OTTAWA — Some Canadian provinces do not have a large enough tax protential to meet their basic needs, even if the federal government turned over to them the entire field of income, corporation and succession duty taxes, T. C. Douglas leader of the New Democratic Party, said in the Commons this week.

Taking part in the debate on changes in federal provincial fiscal arrangements, Mr. Douglas said that some people in Ontario and Quebec talked of allowing the provinces to meet their constitutional responsibilities by turning over to them a large share of the tax field. "They are losing sight of the fact that there are provinces where there is not the tax potential and that giving them a larger share of the tax field will not help them because the tax potential is not there," Mr. Douglas pointed out.

He tabled some figures to show the situation in each province and said that if Prince Edward Island had received the whole of the taxation revenues collected within its borders in 1961-62, it would have received $3 million less than it got that year under the equalization payments.

In 1960-61, Mr. Douglas said, P.E.I. would have obtained $3,200,000 less and in 1959-60, P.E.I. would have obtained $3,700,000 less than it actually did receive under the equalization formula.

He said it was for this reason that he was heartily in support of the system of federal-provincial fiscal relations that now existed. He said the basic principles laid down by the Rowell-Sirois Commission must not be lost sight of and if all Canadians were to have certain minimum standards of health, welfare and education then there must be some pooling and some sharing of tax revenues.

Provinces Get Boost In Income Tax Share

OTTAWA (CP) — Conservative Gordon Aiken said in the Commons Friday the government's opting - out formula for Quebec is creating "a de facto separation" of that province from the rest of the country.

He expressed fears the government is contributing to a drift toward a loose federation of two associate states — one French-speaking and one English-speaking — as advocated by the Creditistes and certain French - Canadian nationalists.

The MP for Parry Sound-Muskoka spoke shortly before the Commons gave second reading — approval in principle — to legislation increasing the provinces' share of personal income tax.

He objected to sections providing for extra payments to Quebec in compensation for the province's withdrawal from the federal youth allowances and student loan programs. It is the only province so far to opt out of these programs.

"I hope we've seen the last of this type of divisive legislation," he said.

FLEXIBILITY URGED

George Nowlan, former Conservative finance minister, said the time has come to modernize the constitution and make it more flexible.

But he did not believe for one minute Canada was in danger of falling apart. Canadians tended to worry too much about the stability and unity of their country.

His home province of Nova Scotia, perhaps the most loyal to Confederation now, had threatened to secede in the first years of federal union. Scores of black flags had been flown in Nova Scotia on Dominion Day for many years. One premier had even travelled to London to urge the British government to repeal the British North America Act.

Mr. Nowlan (Digby - Annapolis - Kings) and Finance Minister Gordon disagreed on whether the federal government has sufficient control over the fiscal and economic policies of Canada.

Mr. Nowlan said he believes the minister of finance has ceased to be the dominant factor in the control of fiscal and economic policy. Unless this trend was stopped the minister would find himself in a very narrow operating area.

COULD BECOME A STATE

This situation could lead to Canada becoming a number of balkanized states.

Mr. Gordon said he agreed that the federal government must be in a position to influence fiscal and economic policy in the broadest sense of that term. But he did not believe for one moment that the federal government had lost its dominant influence in this field.

The finance minister said he agrees with Mr. Nowlan that this country is not going to fall apart at the seams.

Marcel Lambert (PC — Edmonton West) said he is disappointed at the attitude of Prime Minister Pearson in not agreeing to the suggestion of Prime Minister Pearson in not agreeing to the suggestion of Premier Roblin of Manitoba for a federal - provincial conference on priorities in education, health and welfare.

Tom Barnett (NDP — Comox-Alberni) accused Premier Bennett of British Columbia of trying to distort the constitution to get his own way.

"He is perhaps the greatest separatist in this country today."

BENNETT CRITICIZED

He criticized Mr. Bennett for opposing the principle of tax equalization between rich and poor provinces.

B.C. and Ontario would gain unfairly from the estate tax clause because most large private estates were concentrated in those two provinces. These fortunes had usually been accumulated on a national basis and estate taxes should be shared equally by all provinces on a per capita basis.

Deane Gundlock (PC — Lethbridge) suggested future federal - provincial conferences tackle the problem of agreeing on a national standard in education.

Georges Valade (PC — Montreal Ste. Marie) urged an amendment of the Criminal Code to permit provincial government lotteries to help finance education. He said Premier Lesage and former premier Duplessis of Quebec had urged Ottawa to take such action.

Montague Yacht Has Lead As 11 Sail From Shediac

(Special to The Guardian)

SHEDIAC N.B. — A 35-foot sloop, the Thurumcap, owned by Dr. L. A. Johnston of Montague, P.E.I. took an early lead here Friday night as 11 yachts began a 73-mile race for Charlottetown.

The Montague entry is the only one in the race which sails without a handicap.

A Charlottetown yacht, the San Souci, owned by Walter Pickard, was seen in fourth position before darkness set in. This boat has a handicap of three minutes and 24 seconds.

Another Charlottetown entry, the 27-foot Nanette, owned by Wendell McLaine was trailing.

Placing of the fourth entry from the Charlottetown Club, the 31-foot Shelly, owned by Hugh Warburton, could not be determined.

A large crowd, estimated at 1,500 to 2,000 persons, was on hand to see the start of the race. Eight boats were entered by the Shediac Yacht Club, three by Charlottetown and one by Montague. One of the 12 original entries was withdrawn but it was not learned immediately which one.

WIND LIGHT

Wind was light when the starting gun was fired, and the see calm.

Weather forecasts indicated the likelihood of fog patches and poor visibility during the night, with winds increasing by morning to southerly 15 to 20.

Time of arrival estimates varied, with some predicting the first boats might be in Hillsboro Bay shortly after sunrise.

It was a colorful scene as the yachts sailed. Some 30 to 50 power boats of all kinds roared around Shediac Bay.

Entries from the Shediac club include: the 30 - foot sloop, Angelus, owned by Ernest Boudreau; Diamna G, a 30 foot schooner owned by Cliff Ellis; Cecil MacLeod's 28 foot sloop Falcon; the 24 foot sloop Firefly, owned by Don Fownes, Gene Boudreau's 32 foot Schooner, La Donna; Fred Fraser's 25 foot sloop Merry Mac; the Norma C., a 25 foot sloop owned by Murray Wade and Bill Crandall's 22 foot sloop, Snipe, the smallest in the race.

(Continued in page 3, col. 3)

U.S. Solid Fuel Rocket Explodes

SAN JOSE, Calif. (AP) — A Titan III rocket engine exploded in a spectacular and disastrous failure for the U.S. space program Friday.

After burning fiercely nearly two minutes, black and gold flames burst from the nozzle of the huge solid-fuel motor.

The rocket consumed itself in a fire which ignited brush blaze over the United Technology Centre's mountain test base near here.

Crucial Hour Has Struck, South Vietnamese Told

By NICHOLAS TURNER

SAIGON (Reuters)—Premier Nguyen Khanh warned Friday of a possible invasion from Communist North Viet Nam and placed South Viet Nam under a state of emergency.

"The coming weeks will decide the destiny of our entire people," he told a press conference. "The crucial hour has struck."

After announcing the declaration of emergency which placed South Viet Nam under virtual martial law, Maj.-Gen. Khanh prepared to join his troops near the North Vietnamese border.

Plans for a state of emergency had been under consideration for some time, but Khanh surprised American officials by announcing it Friday. Some officials said detailed planning was unfinished and the move was premature.

Khanh informed U.S. Ambassador Gen. Maxwell D. Taylor and Deputy Ambassador Alexis Johnson.

An American spokesman said later U.S. officials considered the move an internal affair of the South Vietnamese government.

ACTION WELCOMED

"If it results in more effective prosecution of the war and increased mobilization then it's a good thing," he said.

The U.S. is supporting South Viet Nam's internal fight against the Communists and has flown in more air power to support the South Vietnamese military.

The decree contained provisions amounting to martial law although some of these were not expected to be immediately enforced.

Under the decree, all violations of security will be put under military courts with a mandatory death sentence for terrorists, provocateurs and speculators.

Implementation of the decree was placed in the hands of all ministers except the premier, who expected to devote his time to the military situation.

PLACED UNDER CURFEW

Saigon was placed under an 11 p.m.-to-4 a.m. curfew—putting a damper on the city's lively night life.

Press censorship was imposed but was expected to affect only the local press.

Khanh said at his press conference it was "time to tell the whole truth about the situation in the country."

He said "internally we face a Communist army in our own territory of 150,000 men, of whom 34,000 are regulars."

He said that at the 17th parallel, dividing North and South Viet Nam, the country was "faced with pressure" from North Viet Nam.

Russia Gives Support To North Vietnamese

LONDON (Reuters) — Russia has told North Viet Nam it fully supports that country's demand the United States end its provocative acts in Southeast Asia, the Soviet news agency Tass reported today.

In a telegram to the North Vietnamese foreign minister Soviet Foreign Minister Andrei Gromyko said the American "acts of direct aggression . . . can entail dangerous consequences, the scope of which it is not hard to foresee."

Replying to a telegram from the North Vietnamese foreign minister, Gromyko said Russia had already condemned U.S. "aggressive actions" in attacking North Vietnamese shore installations and populated localities Aug. 5.

"The very fact of the presence of United States naval forces in the Gulf of Tonkin is in itself an openly hostile challenge to the states, the shores of which are washed by the waters of this gulf.

"This armed demonstration, of course, cannot be justified by references to a special mission of the United States in this part of Southeast Asia, as the people in Washington are attempting to do.

"Now it became obvious to all what role was pursued by the so-called patrolling of the shores of the Gulf of Tonkin and the continuous build-up of the military potential of the United States in this area of Southeast Asia.

"The intrusion into the air space of the DVR (North Viet Nam), the bombing and shelling of more installations and North Vietnamese populated localities which followed this patrolling cannot be regarded otherwise than acts of direct aggression, as an international violation of the DRV's sovereignty," Gromyko said.

"Such actions, generating a threat to the security of the peoples of other countries, can entail dangerous consequences the scope of which it is not hard to foresee."

Tass also reported a statement issued by the Bulgarian news agency describing U.S. actions in the Gulf of Tonkin as "a flagrant violation of the norms of international law and the United Nations charter, as well as of the Geneva agreements in Indochina."

One Killed, Two Injured At Montague

MONTAGUE — One young man was killed and two others injured early today when a half-ton truck left the highway near the top of Bell's Hill two miles north of this town.

Royal Canadian Mounted Police did not release the names as they said next of kind had not been informed.

The truck left the paved highway near the Brudenell Road intersection. It cut across the corner of a field and ended up in the ditch on the Brudenell Road.

The dead man was found in the ditch. The other two were on the road. At first it was thought only the two were in the accident, but at Montague Hospital one of the injured asked about the third man in the truck and it was then search was started for him.

Dr. John Bonnell, Montague was called to the scene and an ambulance from the Murray River Funeral Home rushed the injured to the Kings County Memorial Hospital.

Cyprus Has Raid By Turkish Jets

NICOSIA (AP)—The Cyprus government of President Archbishop Makarios said Friday night four Turkish air force Sabre jets attacked the northwest coastal village of Polis and hit an Italian cargo vessel in the harbor.

There were no immediate reports of casualties.

The reported attack—the first from outside the embattled island — during a new flareup of fighting between the Greek and Turkish - Cypriot communities that is regarded as grave by the United Nations peace force leadership here.

Government sources said the planes buzzed a Greek-Cypriot military camp on the outskirts of Paphos village, in west Cyprus, a few minutes after mine-gunning Polis.

Polis is a mainly Greek-Cypriot village of about 1,700 people. It is about 20 miles from the Tillyria district where the Greek and Turkish - Cypriots have engaged in major battle the last two days.

The government, dominated by the Greek-Cypriots, said it may demand an urgent meeting of the UN security council in New York.

Turks Deny Jet Attack

ANKARA (AP)—The Turkish government denied today reports Turkish air force jets strafed Cyprus Friday.

Greek Gov't Orders Alert

ATHENS (Reuters) — The Greek government today ordered a state of alert in its ground, air and naval forces following reports from Cyprus of an attack on the port of Polis by Turkish military planes.

Greek Foreign Minister Stavros Kostopoulos said in a statement:

"I hope that this action is not the beginning of the insane operation of invading Cyprus. Anyhow Greece is fully prepared to face any event whatsoever."

STEER BARBECUED FOR CARDIGAN CELEBRATION

Hundreds of people turned up at Cardigan yesterday to see preparation for the village centennial day which wasn't scheduled to start until today. It's a 403-pound steer being barbecued to serve upwards of 1,000 people about five o'clock this afternoon. The barbecuing began at two a.m. Friday. The spit was built by Percy Moreside and cost about $100. The animal was purchased from Canada Packers and has been the drawing card for the celebrations. (See story on page 5).

INJURED

Christopher Soames, 43, son-in-law of Sir Winston Churchill, was knocked unconscious and apparently seriously injured when thrown off a horse Friday. Soames, the husband of Marh Churchill, Sir Winston's youngest daughter, was taken to a hospital. X-rays disclosed pelvis injuries. The accident occurred on a farm near Tunbridge Wells, 40 miles from London. Soames is minister of agriculture.

(AP Wirephoto)

Senate Passes Money Bill

OTTAWA (CP)—Over a brief but bitter protest from Senator Grattan O'Leary, the Senate gave speedy approval Friday to the government's interim supply bill.

The bill, giving the government $1,037,030,109 worth of spending authority to meet routine expenses in August, September and October, later received royal assent.

The Ontario Conservative charged the dignity of the Senate was being insulted by the haste with which it was asked to give first, second and third reading to the interim supply bill.

Criticizing the government for not answering opposition questions in the Commons about the supply bill, Senator O'Leary said:

"There are certain people in high places who do not seem to understand that freedom of speech involves more than a freedom to speak—it also involves a freedom to answer. That is the very heart of a free Parliament."

APPEARS DORMANT

The Senate appeared to the press and public as being "merely a doormat for the House of Commons" because there were people in the Commons who did not understand that the Senate was "an integral part of Parliament."

"It has its dignities, its rights, its responsibilities."

The first and most important step in reforming the Senate should be to compel the House of Commons to recognize these dignities, rights and responsibilities, he added.

The Senator warned that he

(Continued on page 3, col. 5)

Five Bandits Get $75,000

CALCUMET, Que. (CP)—Five bandits wearing sunglasses as a partial disguise robbed a branch of the bank of Montreal of an estimated $57,000 in cash and securities today.

The five men entered the bank shortly after the opening and forced the staff to lie on the floor while they cleaned out tellers' cages and the safe.

The bank's head office in Montreal said details were sketchy but it gave this breakdown of the estimated loot:

Some $30,000 in cash and coupons; $6,000 to $7,000 in bearer bonds and $20,000 in other types of securities.

"These are very rough figures," a bank spokesman said.

The robbers sped away from the bank in a car that was reported stolen earlier.

Calumet is some 60 miles west of Montreal along the Ottawa River.

Confidence Vote Given Johnson

WASHINGTON (AP) — Both houses of the U.S. Congress gave President Johnson a vote of confidence Friday in the Southeast Asian crisis, supporting his decision to strike back at reported Communist - North Vietnamese attacks on U.S. warships in the Gulf of Tonkin between North Viet Nam and Communist China.

By a vote of 414-0 the House of Representatives adopted a bi-partisan resolution backing the president's actions as commander - in - chief of the U.S. armed forces, and the Senate followed with an 88-2 endorsement.

The opposition votes were cast by two Democrats, Senators Wayne Morse of Oregon who has repeatedly denounced U.S. policies in Southeast Asia as a threat to world peace, and Ernest Gruening of Alaska.

Gruening told the Senate "all Viet Nam is not worth the life of a single American boy."

Johnson hailed the action as "a demonstration to all the world of the unity of all Americans."

In a statement expressing appreciation to members of both the Democratic and Republican parties for "their patriotic, resolute and rapid action," Johnson said:

"The votes prove our determination to defend our forces, to prevent aggression and to work firmly and steadily for peace and security in the area."

REPUBLICANS APPROVE

Senator Barry Goldwater of Arizona, the Republican nominee for U.S. president in the Nov. 3 general election, joined fellow Republicans in voting approval and support of Johnson's decision to strike back at the reported Communist North Vietnamese attacks.

Morse charged the resolution gives Johnson "blanket authority to wage war."

Some members, including Senator George D. Aiken (Rep. Vt.), said they voted with misgivings to uphold the president.

Aiken said he is "still apprehensive over the outcome" but that "as an American citizen, I feel I should support the president, whether he is right or wrong."

SEASON'S FIRST

Abby, first tropical storm of the season to be given a name, sprang up unexpectedly Friday in the Gulf of Mexico. Map locates storm and path as it moves toward Texas coast. The storm is expected to move inland near Matagorda, Texas.

(AP Wirephoto)

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