If it's Good For the Island
The Guardian is For it

The Guardian

"Covers Prince Edward Island Like The Dew"

WEATHER
Sunny and milder; cloudy this afternoon with snowflurries; winds light becoming south 15. Low-high, 5 and 30.

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Kennedy's Record Budget Slated For Rugged Trip As Congressmen Alarmed

WASHINGTON (AP) — President Kennedy submitted to a grumbling United States Congress Thursday a national budget that would increase spending to a record approaching $100,000,000,000.

The president wrapped together a $98,802,000,000 spending program and a request for big-scale tax revisions and reductions. He said this financial plan would permit the efficient and frugal conduct of the public business," boost the economy and lead in time to balanced budgets.

Various members of congress, some of them with key roles in federal financial affairs, leaped forward with cries of alarm and dissent. These were tempered by expressions of approval only to a degree that left it certain that Kennedy's budget is slated for a rugged route through congress.

The new budget is for the 1964 fiscal year starting July 1. It holds the line of spending for domestic affairs. But it bulges with record outlays of cash for defence and a space program aimed at the moon and a planet or two. Kennedy cautioned against false economy in these realms and said there is no way to buy security at cut rates.

The budget counts on revenues of only $86,900,000,000. This is $11,902,000,000 short of what it would take to keep government ledgers out of the red.

DEFICIT TEMPORARY

Kennedy insisted, though, that this deficit and others to come would be only temporary—that red ink would turn to black once his program of $13,500,000,000 in tax cuts over three years, offset by $3,500,000,000 in tax changes, began to take hold and release the brake on the economy."

Treasury Secretary Dillon figured that on this basis a surplus is two or three years away.

The secretary told reporters it is unreasonable to expect congress to enact a tax law before next July 1. Thus the first tax relief, a drop in personal income tax rates, would come sometime this summer at the earliest.

The budget calls for nearly $4,500,000,000 more than the government is spending on this fiscal year and it tops by almost $500,000,000 the previous high of $98,300,000,000 in the war year of 1945.

The $55,400,000 for defence up $2,700,000,000 from this year, is a record for peacetime. The $4,200,000,000 for space projects is a record nearly twice as big as last year's figure.

The tax cuts, should they come through, would be the biggest in history.

Kennedy sent the budget to Congress by messenger, along with a message hitting the high spots.

SENATE SQUABBLES

The Senate was squabbling over filibuster rules and didn't bother to listen to a reading of the message.

The House of Representatives took care of getting the message into the official record. A clerk whizzed through it in 15 minutes. Fewer than a third of the 435 members were in their seats when he started. By the time he was through the ranks had thinned to about 85.

One of the strongest protests came from AFL-CIO headquarters downtown. President George Neany complained that the Kennedy program wouldn't provide enough of a stimulant for the economy and the unemployment would climb in 1963.

The $55,400,000,000 for defence is more than half the total budget—55 cents of every dollar to be spent.

"There is no discount price on defence", the president told Congress in his lengthy message. "The free world must be prepared at all times to face the perils of global nuclear war, limited conventional conflict, and covert guerrilla activities."

As he did in his state-of-the-union message to Congress Monday, Kennedy hammered away on his major legislative theme of the moment—that a three - year $13,500,000,000 tax reduction is the nation's most urgent domestic need.

OFFSET BY REVISIONS

This cut would be partially offset through tax revisions estimated to recoup $3,500,000,000. And while the budget doesn't put it into words, it is so constructed as to make it apparent that the administration is counting on next July 1 as the starting time for some of the eventual $11,000,000,000 in tax cuts for individuals.

"This budget," Kennedy said, "presents a financial plan for the efficient and frugal conduct of the public business, and it proposes measures to set the United States firmly on the road to maximum production, employment, and purchasing power."

The tax cuts, Kennedy argued, will spur the economy and boost employment and provide the basis for sharply increased budget revenues in future years."

Kennedy recommended a $100,000,000 cut in foreign aid spending to a total of $3,750,000,000. Economic aid would account for $2,300,000,000 an increase of $200,000,000, while military aid would drop $300,000,000 to $1,450,000,000.

But in appropriations—and it is in appropriations that Congress deals—Kennedy asked for $4,945,000,000 for foreign aid, or $1,030,000,000 more than Congress approved last year.

The president sought total new appropriations for all programs of $96,500,000,000. Some appropriated money holds over from the past and some is carried into the future, so that appropriations and spending figures never match exactly.

HEALTH GOOD

Prime Minister Diefenbaker denied Thursday that he is in poor health. Speaking to members of the Progressive Conservative Women's Association in Ottawa, the Prime Minister said that the Liberal party was responsible for the reports. **(CP Wirephoto)**

Made In Canada Policies Stressed By Diefenbaker

Wreckage Of Plane Sighted

HALIFAX (CP) — A partly-submerged plane spotted just before dark Thursday in a lake in western Newfoundland is believed to be a civilian Cessna aircraft missing on a flight from Sydney to Gander, Nfld.

RCMP at Port aux Basques said the plane was seen in Big Pond, 18 miles from Newfoundland town.

In Sydney the name of the pilot was given as a Capt. Zveola of Lewisporte, Nfld. His flight plan indicated he was carrying one passenger, but the passenger's identity was not known.

Police said no sign of life could be seen from the shore of the lake, covered by a thin sheet of ice. An attempt to reach the plane by boat was to be made today.

RCAF Search and Rescue here earlier announced the search.

It was the second search for missing planes started this week by the RCAF. A second plane has been missing since Sunday in northern Quebec.

Speculation Fanned On Warhead Issue

By KEN KELLY

OTTAWA (CP) — Prime Minister Diefenbaker declared firmly and pointedly Thursday that the Conservative government's policies will be "made in Canada" policies.

His special emphasis on this in addressing the Progressive Conservative Women's Association raised a question among delegates to the party's annual meeting about a proposal that the government accept defensive nuclear warheads if international disarmament efforts are not successful by next December.

The nuclear proposal, from the convention's resolutions committee, comes up for debate today or Saturday against a background of urgings of American generals and Liberal Leader Pearson that the government accept nuclear weapons to meet international commitments in NATO and NORAD.

Mr. Diefenbaker, making the first of four scheduled appearances at the three-day party meeting which so far has drawn about 1,400 delegates, made no specific reference to the nuclear issue.

ADVANCE CAUSE OF PEACE

However, in outlining the women his view of Conservative principles and what the government seeks to achieve, he gave first place to "advancing the cause of peace." He concluded by stating he wanted to place special emphasis on the government's policy.

"We have followed policies in the House of Commons which we believe are for the good of Canada. . . What's the essence of our policy? Policies that the government will declare, has declared and will continue to declare are made in Canada policies and I want to underline that fact."

Some delegates interpreted the prime minister's statement as an indication of support for a policy of finding a unique or special role for Canada in the fight against the spread of communism rather than lining up with the nuclear powers.

They also saw immediate political advantages in isolating Mr. Pearson and the Liberals as advocates of nuclear armaments for Canadian forces.

In a Toronto speech last Saturday, the Liberal leader called on the government to accept nuclear warheads for defensive tactical weapons to fulfil commitments Canada has made which, he said, cannot be fulfilled without them. He said a Liberal government would discharge these commitments ending discussions in the United States and NATO aimed at a more realistic role for Canada in continental and collective defence.

SOME DISAPPROVE

The proposed nuclear resolution for the Conservative convention was reported to be meeting with disapproval in Quebec and Manitoba delegations but, following initial reports of this, delegates tended to reserve their public comments pending caucus meetings of provincial delegations today.

Mr. Diefenbaker's "made-in-Canada" pitch found an echo later in the address of Finance Minister Nowlan who urged the 400 - odd women delegates to adopt a "buy-Canadian" policy.

"I don't want any narrow, errant nationalism," he said. We sell abroad; we have to buy from abroad. But when we're running $1,000,000,000 behind (in balance of payments) we have to close the gap.

So you ladies, when you do your buying, when you find competitive goods . . . I would suggest to you that as far as possible you make your purchases in Canadian goods and help close the gap."

Activity on the convention floor during the day centred on the women's meeting while various executive groups of the national organization met behind closed doors.

Mrs. Dorothy Smith of Kelowna, B.C., was elected president of the women's association, succeeding senator Josie Quart of Quebec City.

B.C. Woman Heads PCs

OTTAWA (CP)—Mrs. Dorothy Smith, a "fortyish" blonde from Kelowna, B.C., is the new president of the Progressive Conservative Women's Association of Canada.

The "no nonsense" lawyer was elected Thursday by 400 delegates at the annual meeting of the federal Conservative women's association. She succeeds Senator Josie Quart of Quebec City.

Mrs. Owen Smith of Fredericton was chosen recording secretary.

During the election of officers, Quebec delegates tried several times to get Mrs. Maria Campeau of Montreal, their provincial president, nominated as both president and secretary, but Mrs. Campeau declined all nominations.

Calling delegates they were living in "exciting" times, Mrs. Smith championed the Conservative party's "positive attitude." Predictions of gloom from opposition parties was hindering progress.

N.S. Election Not Considered

HALIFAX (CP) — Premier Stanfield says he doesn't plan to call a Nova Scotia election in the near future.

"There is absolutely no intention of having an election," he said Wednesday night. "The possibility hasn't been considered at all."

Liberal Leader Earl Urquhart has forecast an early vote in a number of recent speeches.

One reason suggested for a spring election was pressure on the Progressive Conservative government to raise pay scales for school teachers and civil servants. Higher taxes have been hinted.

The Stanfield administration was re-elected for a second term in 1960 with an increased majority. Party standing in the legislature is 27 Conservatives, 15 Liberals and one New Democrat.

The House will open its 1963 session Feb. 20.

Tshombe Confers With UN Group

ELISABETHVILLE, The Congo (AP) — President Moise Tshombe of Katanga Province met Thursday night with United Nations civil and military officials in what may be a final act of capitulation ending his secession.

Arriving in this Katanga capital, he said he was here to arrange for the peaceful entry of UN forces into Kolwezi, his last stronghold in the province he had fought to keep independent of central Congo rule.

King's MP Singled Out For Mention

CAPITAL BUREAU OF THE GUARDIAN

OTTAWA — Mrs. Margaret Macdonald, member of parliament for Kings, was singled out for special mention by Prime Minister John Diefenbaker here Thursday. Mr. Diefenbaker was addressing the opening session of the Women's Progressive Conservative Association annual meeting being held here for three days this week.

Referring to the many contributions that women have made to the party, Mr. Diefenbaker mentioned that Mrs. Ellen Fairclough was the first woman cabinet minister in Canada's history and Mrs. Jean Casselman had been appointed parliamentary secretary to the minister of national health.

"Mrs. Fairclough, Mrs. Casselman and Mrs. Margaret Macdonald of Prince Edward Island are three women representatives in the House of Commons who do well for you, for us and for Canada," the Prime Minister said to the applause of the 300 women delegates.

Reserve Indian Gets NHA Loan

OTTAWA (CP)—Central Mortgage and Housing Corporation announced approval Thursday of a National Housing Act loan to Cecil Erle Isaac, an Indian living on the Walpole Island reserve near Sarnia, Ont.

It is the first time an NHA loan has been made to a reserve Indian. The amount was not disclosed.

ISLAND DELEGATE AT OTTAWA

Three delegates to the Progressive Conservative Women's Association annual meeting chat as they attend sessions Thursday in Ottawa's Chateau Laurier Hotel. Left to right are: Mrs. Ireta Sutherland of Charlottetown, national secretary; Senator Josie Quart of Sillery, Que., retiring national president and Mrs. Dorothy Downing of Toronto the national organizer. **(CP Wirephoto.)**

Island Woman Delegate Reports On Active Year

CAPITAL BUREAU OF THE GUARDIAN

OTTAWA — A resume of a busy, active year for the Prince Edward Island Women's Progressive Conservative Association was given here Thursday by Mrs. Ireta E. Sutherland of Charlottetown, provincial president for P.E.I.

She reported at the opening session of the annual Women's Conservative meeting being held here this week.

Mrs. Sutherland noted that the women's organization had taken a leading role in two election campaigns, the federal when the Island returned all four Conservative MPs, including Mrs. Margaret Macdonald, the only woman MP east of Ontario, and the provincial. In the latter, the Shaw government had been returned with 19 members to 11 for the Liberals.

The P.E.I. president said that the Island had been honored by the presence of a number of special visitors, including Prime Minister and Mrs. Diefenbaker, Senator Josie Quart, the retiring national president, Mrs. Jean Casselman, Miss Margaret Aitken, Hon. Ellen Fairclough and Hon. Howard Green.

A new women's organization was formed in the Second District of Kings during the year.

"Since we last met in Ottawa in March 1961, no drastic changes have taken place in the fortunes of the Progressive Conservative party of Prince Edward Island, although our strength has been sorely tried on three occasions," Mrs. Sutherland commented.

Iron Kidney For Gaitskell To Be Tried

LONDON (AP) — Middlesex hospital announced Thursday night that doctors attending Hugh Gaitskell plan to use an artificial kidney in treating complications that have arisen in their fight to save the Labor party leader's life.

The fourth medical bulletin issued by the hospital Thursday said the six-man team of doctors has been joined by two other specialists from St. Peter's Hospital, London.

The kidney complication arose Wednesday from the massive doses of antibiotics being used in an effort to halt a virus infection of the lungs which led to inflammation of the membranes encasing the lungs and heart.

The bulletin said no further medical statement will be issued until today.

MANITOBA LOSES PLAQUE

WINNIPEG (CP) — From Washington came a man with a plaque announcing the American Association of Motor Vehicle Administrators was honoring Manitoba for having the best highway safety program in North America in 1962.

Manitoba had become the first province ever chosen for the award. It came as a surprise, and government officials hustled to notify the press and lay plans for a special presentation Thursday.

Someone wanted more details, so the AAMVA representative called Washington.

"Manitoba's disqualified," a man said excitedly on the other end of the line. "There's been a mistake."

While Manitoba is a member of the association, it isn't a member of the American National Safety Council. Only council members are eligible for the award — and only American states can join the council.

"Sorry," said the representative as he returned the plaque to his briefcase and left to catch the next Washington flight.

"We are too," a government official said. "But at least we know our program is tops."

SUGGESTION MADE BY FRANCE

Associate Status For Britain Rejected By Five ECM Members

BRUSSELS (CP) — Britain's bid to join the Common Market appeared Thursday night to be on the verge of collapse.

Negotiations on terms for British membership were adjourned until today with little apparent prospect that the discussions could be resumed in the near future with any hope of a successful conclusion.

The atmosphere in Brussels was hectic. Switchboards were jammed as diplomats and journalists sought to place calls abroad.

A private meeting of the six Common Market countries ended late Thursday night without any confused reports as to what precisely had taken place.

Earlier in the day, France proposed that Britain be offered associate rather than full membership. None of the other five Common Market members — West Germany, Italy, Belgium, The Netherlands and Luxembourg — supported the French proposal.

A British spokesman said late Thursday night his delegation was still hopeful that negotiations would continue. He implied France would find herself isolated from the other five members when the strength of her opposition to British membership was fully understood.

Among veteran observers here there was incredulity that the British position, after months of negotiations, could have dipped to such a low point.

VETO REVIEW

It was reported that France vetoed a proposal by its other partners in the six that a committee be appointed to review the negotiations.

It is understood this committee would have drawn up a program outlining agreements that have been achieved and also showing gaps that still exist.

But correspondents generally agreed that such a summary would merely be a method of softening the blunt announcement that a statement had been reached because of France's determination to oppose British entry on anything but clearly acceptable terms.

Throughout all of Thursday's talks a French guillotine seemed poised to put a swift end to Britain's bid to join.

French Foreign Secretary Maurice Couve de Murville, apparently acting as executioner for President de Gaulle, suggested that negotiations for full entry be recessed and that the meeting be reconvened only to discuss associate status for Britain. Britain already has rejected Associate Membership, proposed by de Gaulle at a press conference in Paris Monday.

At the end of the afternoon session, Canadian Foreign Minister Paul - Henri Spaak said he saw no reason for despair.

"I do not think the negotiations could be dropped just like that," he said.

The market ministers met again after dinner, and apparently failed to reach any final decision as to whether to continue talks on full British membership.

Spaak, who led the attack of the other five members against the French proposal, said there would be a further meeting today.

He looked tired and rather annoyed as he left the conference room.

Khrushchev Visits Wall, Brandt Rejects Invitation

BERLIN (AP) — Soviet Premier Khrushchev visited the Communist wall dividing Berlin Thursday and then invited Mayor Willy Brandt of West Berlin to come to East Berlin to talk things over with him.

Brandt reluctantly rejected the bid, blaming pressure from the Berlin section of West German Chancellor Adenauer's party, the Christian Democrats.

The Christian Democrats told the West Berlin mayor that if he accepted they no longer would participate in the city's coalition government. This would have caused political confusion in advance of next month's West Berlin election. Brandt is a member of the Social Democrat party.

Brandt said Adenauer told him by telephone from Bonn "if he were in my situation he would conduct the talks."

Western officials also said they would have had no objections to the meeting.

Brandt said he felt the talk would have been of mutual interest to both the West Berliners and the communists.

Khrushchev was accompanied by East German Communist Leader Walter Ulbricht and top members of the Russian delegation to the German Communist party congress being held in East Berlin.

The Soviet premier appeared in a jovial mood as he took his first look at the wall built in August, 1961.

He walked right up to the border of West Berlin, grinning and waving cheerfully to the crowds which quickly gathered at Checkpoint Charlie on the Western side of Friedrichstrasse crossing point.

"Come over and shake hands with us," one American civilian shouted in English, but Khrushchev merely grinned broadly.

CHECKPOINT CLOSED

When Khrushchev arrived on the East Berlin side of Checkpoint Charlie, East German border guards closed the crossing point for 15 minutes for what was termed "a state visit."

Warmly clad in a heavy furcollared coat and a big fur hat, Khrushchev first stepped at one of the many concrete barriers 20 yards back from the East-West border.

(Continued on Page 4 Col. 3)

SOVIET PREMIER Nikita Khrushchev waves to West Berliners as he stands at Friedrichstrasse crossing point during a visit to the Communist wall in East Berlin Thursday. Man in military hat in centre background is Gen. Ivan Jacubovsky, commander of Soviet forces in East Germany. Others are unidentified. **(AP Wirephoto)**

INSIDE TODAY

Announcements, notices	10
Births, deaths	3, 10
Classified	10, 11
Finance, markets	11
Comics	9
Rural churches	11
Editorials	6
City, Queens	5
Kings County	4
Summerside	2
Prince County	2
Sport	8
Womens'	7

Doukhobors Plan Talks To Schedule Next Move

VANCOUVER (CP) — An unorganized crowd of Sons of Freedom Doukhobors — estimated at up to 800 men, women and children—Thursday milled aimlessly through mid - town Victory Square.

And more were reported on the way here.

All day they sat on benches or walked the chain-bordered paths, outnumbered by the crowds who came to watch.

Sometimes they sang hymns, their Russian accent ringing out in rich, eight-part harmony.

Late Thursday night, when they expect all their trekking brethren in New Hope, B.C.—where they had been camped for three months—a sobranya or parliament was scheduled to take place to plan their next move.

"We must make arrangements for the children first, then we talk," said Bill Verigen of Vancouver, a sect member and one of their spokesmen.

Preliminary arrangements were made to have the children spend the night in a nearby labor temple.

POLICE KEEP ORDER

Police watched from the outskirts of the orderly crowd. Wherever activity or shouting broke out, they slipped slowly and quietly toward the source, moving the crowd along.

Joe Podovinikoff, once a member of the now - defunct Doukhobor settlement at Hillers on Vancouver Island, said in a statement:

"We want to show people here we are nice, peaceful people. We want their support to press Victoria (seat of British Columbia government) for a full-scale investigation into the sect's problems."

He said the Sons wanted to publicize their position among church, labor and political groups.

Meanwhile, as the Doukhobors worked to close out their Hope, B.C., settlement 100 miles to the east, word came that the trekkers may be moving to the Hilliers area, north of Nanaimo, to settle on the farm of Nick Lakpin.

In a telephone interview, Mr. Lapkin said he would not see the sect "go hungry, or stay out in the cold."

To reach Vancouver from Hope, the trekkers had to pass the road to Agassiz, where about 60 of their menfolk are serving terrorist terms in Mountain Prison.

It was with the avowed intention of camping near these men that the sect left their fire-destroyed homes in the Kootenays last Sept. 2 and began moving west.