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The Guardian

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WEATHER

Clear with a few cloudy intervals; little change in temperature; northwest winds 25. Low-high at Charlottetown 10 & 20.

14 PAGES | Authorized as Second Class Mail by the Post Office Department, Ottawa | CHARLOTTETOWN CANADA, TUESDAY, JANUARY 21, 1958 | NOT MORE THAN FIVE CENTS

Atlantic Provinces Agree On How To Split Grant

ST. JOHN'S, Nfld. (CP) — The four Atlantic provinces have agreed on a formula for splitting a special federal assitance grant, Premier Smallwood told the Newfoundland legislature Monday.

He said the grant, announced by Prime Minister Diefenbaker after the last federal-provincial conference, will probably total $25,000,000 this year.

Mr. Smallwood said Newfoundland, Nova Scotia and New Brunswick will each get 30 per cent, with the remaining 10 per cent going to Prince Edward Island.

He told the House Newfoundland may also get two other grants that will enable the province to raise the level of public services.

He said it is likely the federal government will call a federal-provincial conference to revise financial arrangements with the provinces. He did not estimate how much this would mean for Newfoundland.

A third source would be a government grant based on the findings of the McNair royal commission investigating the financial consequence of Newfoundland's 149 union with Canada.

ASKED $17 MILLION

"We asked the commission for $17,000,000 but I don't know what we'll get."

The throne speech read Monday said, "my ministers are confide that these sources will provide a substantial additional sum of money annually."

This would enable the government to "plan a program of considerable enlargement and improvement of the levels and standards already reached."

SAYS STORY IS CORRECT

Asked for comment on the Smallwood statement Premier A.W. Matheson said here last night that the proportions suggested by the Newfoundland premier were correct. They were agreed on at a conference in Halifax about a month ago, the Premier explained. Actually, he said, the figure is $23,489,000 not $25,000,000. The agreement was made by financial advisers representing the provinces. It has not yet reached the political level.

The Premier said that he would withhold further comment "until the Government of Canada proposes legislation to provide the amount of money, or until they have it in their estimates at Ottawa."

On the basis of the figure given by Premier Matheson it would mean that Prince Edward Island would get $2,348,900. as its share of the Federal assistance grant.

Election Returns In Guatemala Being Compiled

GUATEMALA (AP) — Gen. Miguel Ydigoras Fuentes, a 62-year - old rightist, claimed an overwhelming lead Monday in the race for the presidency of this Central American republic.

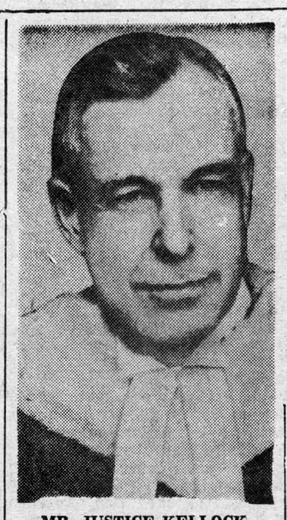
His claim was not disputed by his two main rivals—moderate Jose Luis Cruz Salazar and leftist Mario Mendez Montenegro—but it was not confirmed by election officials.

Unofficial returns showed Ydigoras had a 7,000-vote lead over Mendez Montenegro. Cruz Salazar trailed.

No returns were released by election officials. They do not expect to complete tabulations of Sunday's balloting until the end of the week.

Ydigoras' Reconciliation party leaders said on the basis of reports from 16 of Guatemala's 22 provinces the general had 140,510 votes, Cruz Salazar 96,958 and Mendez Montenegro 89,444.

There still is doubt whether any candidate will receive the necessary 1 per cent of the votes. If none does, Congress will select the president from the two leading candidates.



MR. JUSTICE KELLOCK

Supreme Court Judge Resigns

OTTAWA (CP) — Resignation of Mr. Justice Roy L. Kellock as a judge of the Supreme Court of Canada and appointment to that court of Ronald Martland, Edmonton lawyer, were announced Monday by Justice Minister Fulton.

Mr. Justice Kellock, 64, has resigned for health reasons, effective Jan. 15. He has been a member of the high court since 1944.

All Nova Scotia Highways Are Open Again

HALIFAX (CP)—All Nova Scotia highways were open again Monday, some with temporary bridges, as the Maritimes continued to map up following the season's worst storm.

Some rail lines were still knocked out—and they will be for a week or so—but as flood waters slowly recede, workmen can start the big job of repairing damage.

Five died in the 2½-day wind and rain storm that ended Friday night, two of them children.

The worst rail line damage was on the CNR's south shore line between Halifax and Yarmouth. Washouts will keep the line out of operation for a week, officials said.

Many highway bridges were washed out, and some communities isolated, but the highways department said Monday all roads were open again, although some were slippery from floodwater that froze on them.

Nova Scotia bore the brunt of the rainstorm. Northern New Brunswick was hit hard by snow and sleet that disrupted communications. However, damage was not as heavy there.

BRIDGE IN DANGER

The worst spot during the weekend was at Bridgewater, N.S., where a bridge was in danger of being washed out by a surging river. A power plant lay in its path. The situation was improved Monday.

There has been no accurate estimate of damage, but the figure is expected to be in the hundreds of thousands of dollars.

Waters fell fast Monday under chill temperatures and light winds. There was no more rain in sight.

OLAV CROWNED

OSLO, Norway (Reuters)—Olav V Monday formally became King of Norway at a simple ceremony in the Storting (parliament). Olav 54, succeeded his late father, King Haakon, last Sept. 21. He was "crowned" at a brief ceremony in which he swore to honor the Norwegian constitution.

Fire Damages Ferry Dunning

PICTOU, N.S. (CP) — Fire damaged the crew's quarters on the Northumberland ferry Charles A. Dunning here Monday. The ship is being refitted at Ferguson Shipyards here.

James B. Ferguson, shipyards vice-president, estimated damage at $1,200. Pictou firemen doused the blaze in 45 minutes.

Workmen were removing steel plate when the fire started. The cause was not determined.

The Dunning, owned by Northumberland Ferrier Ltd. of Charlottetown, operates between Caribou, N.S., and Wood Islands, P.E.I., from May to November.

Charges Liberals Concealed Facts

OTTAWA (CP) — Prime Minister Diefenbaker charged Monday the Liberal government "concealed the facts" about signs of economic decline last March, before the June 10 election.

In a Commons speech he brandished a report prepared for the Liberal cabinet by trade department economists last March.

The report showed, he said, "we were really on the slide when hey (the Liberals) left power."

Mr. Diefenbaker charged the Liberals, by doing nothing about the warnings of a weakening economy, are responsible for present unemployment.

The accusation was his reply to a Liberal non-confidence motion, presented by Opposition leader Lester Pearson, which in effect proposed that the Progressive Conservative government resign and the Liberals take power without an election.

The motion said trade has ceased to expand, that export markets are threatened and investment discouraged, and that unemployment has risen drastically.

MOVE "UTTER SHAM"

Mr. Diefenbaker called the nonconfidence motion an "utter sham" and a "caricature." He said the Liberals know the CCF and Social Credit won't support the motion. The Liberals were afraid to defeat the government because they were afraid of an election.

Mr. Diefenbaker took the offensive in his speech, based largely on the economic report last March to the Liberal cabinet.

He agreed to table the report and, in explaining why this had not been done before, said:

"As a matter of fact it was hidden away so well we've just found it."

He said it is true that unemployment has been rising dramatically.

But he quoted from the report which said last March that unemployment figures showed "a disquieting pattern" and that it was clear the winter unemployment peak in 1956-57 would be above that of the previous winter. It reported winter unemployment increases "clearly greater than seasonal."

S. AFRICAN ELECTION

CAPETOWN, South Africa (Reuters)—South Africa will have a general election April 16, it was announced Monday. A government spokesman said last week that Prime Minister Strijdom, who has been ill, had been urged to stay away from the present short session of parliament, so as to conserve his strength for an election campaign.

P. M. Stirs Liberals' Anger In Reference To Pearson

OTTAWA (CP) — Prime Minister Diefenbaker Monday night stirred Liberal party anger by charging that Lester Pearson, had made "seldom even an oblique reference to the Commonwealth" when he was external affairs minister.

Mr. Pearson, his face flushed, stood up and said:

"That statement is contemptibly inaccurate."

Mr. Diefenbaker's statement was also met by cries from Liberal benches of "shame," "withdraw" and "that's a lie."

Replying to Mr. Pearson, the prime minister said the new Opposition leader need only re-read his speeches during the Suez crisis in October, 1956, "and he'll find out that the facts are exactly as I said."

"How small can you be," one unidentified Liberal interjected.

Mr. Diefenbaker made his statement almost two hours after he had started speaking in reply to a Liberal non-confidence motion against the government presented by Mr. Pearson. Seventy minutes of his speech came before supper.

RECALLS FRISCO TALK

He said the Liberals now pour ridicule on the Progressive Conservative government because it is trying to expand trade and correct the trade deficit with the U.S.

But he said that Mr. Pearson, speaking "B.C." — before last week's Liberal convention — had said last July in San Francisco that unless Canadian exports to the U.S. could be increased Canada would have to take some kind of remedial action.

NEW OFFICER CADETS RECEIVE RANK INSIGNIA

Last evening at the Regimental Headquarters of the Prince Edward Island Regiment (17th Recce), Lt.-Col. E.K. Kennedy, C.D., Commanding Officer, presented rank insignia to four Officer Cadets previously notified that they had fulfilled the requirements for this phase of army training.

Taken during the presentation ceremony the above photo includes left to right: Officer Cadets J.R. White, V.W. Gregory, R.B. Hubley, R.A. Leard, and Lt.-Col. Kennedy.

Lt.-Col. Kennedy stated that he anticipates a further intake of Officer Cadets in mid-May, adding that he expects to have sixteen cadets from the Regiment in attendance at Corps Schools this summer. Eight will be completing their qualification course and eight will be doing their first year the Recce Regiment C.O. noted.

(Guardian Photo)

DIEFENBAKER SAYS "SHAM"

Pearson Demands PC's Quit, Liberals Take Over

Highways Minister Gives Reasons For Truck Tie-up

Commenting on the truckers' complaint regarding the closing of highways to traffic over 6,000 lbs., Hon. George MacKay, Minister of Highways stated yesterday he was in sympathy with the transport drivers but added, "Our first duty is to protect the highways at all costs."

Mr. MacKay explained that the Department watches the weather conditions very closely and when there has been a soft period and there seems to be no let up in it, restrictions are put on.

These restrictions, he said, automatically come off when the temperature goes down to 20 degrees. "We had to have some starting point and past experience has shown us that this is a logical standard to go by."

Mr. MacKay said the cost of pavement maintenance in the Province has now reached $1,000 per mile and observed, "I believe this is our saturation point".

"I don't know where anybody got the idea the Trans Canada Highway is an all-weather highway. We have never represented it as such and while it is much more substantial than our ordinary pavement, it is still vulnerable to overloading," said the minister.

The Minister said he was in no position to speak for the Highway Departments of Nova Scotia of New Brunswick regarding the absence of restrictions on heavy traffic. He observed, however, that he would not want to see the Island roads in the same condition as those of the mainland.

Expect Up To 4,000 Jobs In Picnic Projects

OTTAWA (CP)—Between 2,000 and 4,000 jobs are expected to be provided under a new federal-provincial winter works program of building highway campgrounds and picnic sites, Resources Minister Hamilton said Monday in the Commons.

He said nine provinces—all except Quebec—now have agreed to take part in the plan, under which the federal government will pay half the costs of work done up to the end of May.

The government had planned to ask Parliament for $1,000,000 for this program, and another 1,000,000 to pay half the costs of forest access roads built by the provinces up to the end of June.

Replying to Alexis Caron (L—Hull), he said no reply has yet been received from the Quebec government about either program but that it is hoped there will be a reply.

TOO GOOD

TORONTO (CP) — It was too good to be true, a Toronto waiter reflected after he picked up several 25- and 50-cent tips from a man buying 10 - cent glasses of beer. He called police. They charged Stephen Ihasz, 58, with uttering counterfeit coins.

Research Officer In Poultry At Experimental Farm Named

Mr. Roy Crawford has been appointed research officer in poultry at experimental farm, Charlottetown, succeeding Mr. B.F. Tinney.

Mr. Crawford was born in Vancouver, British Columbia, and spent his boyhood at Saskatchewan. He took his Agricultural training at the University of Saskatchewan, graduating in 1955 with the degree of B.S.A. He majored in Poultry Husbandry.

In 1957 he received his Master's Degree from Cornell University, New York, studying under Dr. F.B. Hutt. His major subject was Animal Genetics and minor subjects "Physiology of Reproduction of Farm Animals." Mr. Crawford spent several months, since graduation, in the Poultry Division at the Central Experimental Farm, Ottawa.

A number of new projects in poultry breeding will be initiated under Mr. Crawford's direction. One, in particular, will deal with the production of higher quality broilers.

ROY CRAWFORD, M.Sc.

CNR Reveals Supplementary Winter-Work Plan To Start

MONTREAL (CP) — Canadian National Railways announced Monday that a supplementary winter-work program will go into effect immediately in an effort to avoid any further reduction of employment during the winter.

The program will not mean new hirings but is designed to keep the existing labor force employed.

The CNR said the decision was made in response to an appeal by the federal government. It was directed to industry generally, including the railways.

The statement said that in the case of the railways "a rapid and continuing decline in traffic has aggravated the seasonal and other labor adjustments which can be expected during the winter period so that unless some contra-cyclical action were taken unemployment of railway workers this year could become extreme."

IN NATIONAL INTEREST

The CNR management feels it is in the national interest to comply with the government's request. The program is to keep the regular force on work not normally undertaken in winter "or which would be deferred until traffic earnings justify it."

"While this may add somewhat to the cost of such work, and as well make it more difficult to reverse the deficit which appeared in the 1957 operations of the CNR, nevertheless the circumstances are such that management believes it prudent to avoid as far as possible the disorganizing effects of massive short-term unemployment during this winter season."

Supervisory officers will study and organize supplementary work programs in local areas throughout Canada. The programs will "require the interested co-operation of the various labor groups and must be sufficiently flexible to meet the varying needs of local areas."

These programs will be in addition to the accelerated works programs on capital account, announced by the CNR Dec. 20, to provide employment for some 600 men on projects estimated to cost $3,500,000. This was made possible through advance approval by the government of a portion of the railway's 1958 budget.

Commons Votes Tonight On Motion Of Non-Confidence

OTTAWA (CP) — Opposition leader Lester Pearson demanded resignation of the Progressive Conservative Government Monday and reinstatement of a Liberal administration without an election.

The demand—which came as the new Liberal chieftain moved a motion of non-confidence—was described by Prime Minister Diefenbaker as an "utter sham" and a "caricature," because the Liberals knew well other opposition groups would not support it.

Mr. Diefenbaker said the Liberals are so hungry for a return to power that they would put the clock back to before last June 10 so Canadians would have no right to say who was to form the government.

The prime minister declared the Liberals don't yet realize they were beaten.

Referring to the national Liberal convention's election of Mr. Pearson as leader last Thursday, Mr. Diefenbaker said: "On Thursday, there was shrieking defiance. On Monday there was shrinking indecision."

WILL VOTE TODAY

The prime Minister was still speaking when the Commons adjourned for dinner. He was scheduled to continue in the evening. The vote on Mr. Pearson's motion is not scheduled until tonight.

Mr. Pearson's non-confidence motion was the first moved by the Liberals since Parliament convened Oct. 14.

Standing in the Commons: Progressive Conservative 113, Liberal 106; CCF 25; Social Credit 19; independent 2—total 265.

It appeared certain neither the CCF nor Social Credit party would back the Liberals. Consequently, the government would be sustained unless it itself wanted to call an election.

Mr. Pearson's motion, made before standing - room - only public galleries, was an amendment to a formal government supply motion that the Commons take up study of administration spending.

There had been speculation that Mr. Pearson might call for an immediate election.

But he stopped short of this. His motion said the government should resign because of a drastic rise in unemployment, confusion in federal-provincial relations, a halt in trade expansion and growing confusion about defence.

NEED LIBERAL POLICIES

The motion said Canada should have a government "pledged to implement Liberal policies."

Mr. Pearson said, however, his motion was not designed to bring on an immediate election "by any action on our part."

A few minutes later, he added the Liberals should take over the reins of office without an election now to put into effect Liberal policy fashioned at last week's convention.

Mr. Pearson's demand was greeted by howls of derision from the government benches.

Transport Minister George Hees shouted over the tumult: "An election at this time would beat the pants off you and you know it."

Mr. Pearson said an election would not help solve unemployment. Action should be taken now on this problem and it was the Liberals who should take it.

At the night sitting, CCF leader Coldwell said his party could not possible support the Liberal motion. Instead, he moved a non-confidence motion of his own calling on the government to consider Britain's free-trade proposal and to adopt a fiscal policy redirecting investment toward a comprehensive program of public works.

Mr. Coldwell added the new government has not acted fast enough to meet unemployment arising this winter. Last fall, when the first indications appeared, the government had told Opposition members talking about it would only make matters worse.

The prime minister spoke up to the 6 p.m. EST dinner adjournment and continued for a time after the House reconvened at 8 p.m. He spoke a total of two hours and three minutes—longest speech of the session.

The vote on Mr. Pearson's want-of-confidence motion is not scheduled until 8:15 p.m. EST tonight.

Ike Forecasts Business Slump Will End Shortly

WASHINGTON (AP) — President Eisenhower reported Monday that business has tumbled harder than expected in the United States, but "whatever our national security requires, our economy can provide and we can afford to pay."

In his annual economic report to Congress, Eisenhower cautioned that unwarranted wage or price increases could block an upturn and "court the danger of controls."

He said there are reasons to believe "the decline in business activity need not be prolonged and that economic growth can be resumed without interruption."

Government policies, he said, "will be directed toward helping to ensure this result."

NO PUMP-PRIMING

There was nothing to suggest that the administration is ready to turn to major pump-priming, a tax cut or red-ink spending to buck up business and incomes.

But Eisenhower did include in the economic report 42 legislative items. All the major ones had been outlined or requested before—measures embracing such things as his farm, science and education and foreign economic programs.

Eisenhower said the "latest challenge of international communism"—an apparent reference to Soviet strides in missiles and space—means the already-heavy economic burden of national security will grow further. But he added:

"If we follow suitable private and public policies, this challenge can be met without distorting our economy, or destroying the freedoms that we cherish."

In an obvious effort to discourage any public thinking in depression terms, the report also avoided characterizing the current business dip as a "recession"—only a decline or downturn.

DISCLOSES DROP

Nevertheless, the document disclosed that there has been a $6,000,000,000, 1½-per-cent drop in the national production rate, and that it hit the economy harder and faster than the federal experts had expected.

From the record rate of $439,000,000,000 a year in the third quarter of 1957, total production skidded to an annual rate of $433,000,000,000 in the last three months of the year. And the output of goods and services may keep on dropping for a while, the report said.

Government economists had figured the slump in the production rate would be in the range of $4,00,000,000 or $5,000,000,000 at the most, and that the major impact wouldn't be felt until the first half of 1958.

The report reflects a presidential concern over the kind of economic expansion that occurs when it does start again.

Some officials believe the chief obstacle to getting the U.S. economy on the upgrade once more will be encountered in the spring and summer when major labor-management contracts will be opened to negotiation. The automobile industry, for example, is scheduled to resume bargaining in June.

FEAR WAGE INCREASES

The fear, as one official voices it, is that there might be a rash of wage increases that go substantially beyond gains in productivity. Industry might pass the increases on in the form of higher prices, consumers might resist such prices, and recovery would be impeded instead of helped.

The report sums up by saying private individuals and groups as well as government have a responsibility to pursue policies which will ensure that economic expansion "provides an increase in real output and does not consist merely of larger money values reflecting higher prices."

Once again, Eisenhower insisted on extending present corporate and excise (sales) taxes and renewed his bid for a temporary increase in the national debt limit to $280,000,000,000 from $275,000,000,00. He asked Congress again to adjust federal credit and loan programs so as to help small business and to improve the welfare and security of families and individuals.

In the latter category were renewed suggestions for broadening unemployment and workmen's compensation laws, helping areas of chronic unemployment and expanding the coverage of the minimum wage laws.

Eisenhower repeated his plea for a five-year extension of the reciprocal trade agreements law and for a farm program calling for a lower floor for price supports

Pulp Possibilities Stressed As Nfld. Legislature Opens

ST. JOHN'S, Nfld. (CP)—There were no major surprises in the throne speech ready by Lieutenant - Governor Campbell MacPherson at the opening of the legislature Monday.

The speech said the government has been successful "in attracting the interest of a large and powerful pulp and paper company in the timber resources of Newfoundland and Labrador."

Premier Smallwood announced New Year's Day that Crown Zellerbach Corporation of San Francisco is interested in establishing a newsprint mill producing 500 tons a day and a pulp mill making 2,000 tons a day at peak production.

A government bill would give the company two years to explore Crown lands before deciding. The newsprint mill would be built in two years and the pulp mill in 12.

The plants would employ 9,000 Newfoundlanders at full production and give the government about $1,350,000 in stumpage and land rental charges

THANKS TO BOWATER

The speech acknowledged "the great benefits conferred upon the people by the operations" of Bowater's pulp and paper mills at Corner Brook and the Anglo - Newfoundland Development Company at Grand Falls, Nfld.

Later Mr. Smallwood said, "let us thank God we did not sell Labrador for $10,000,000" when Quebec made the offer years ago.

About 750,000 cords of wood for the Zellerbach plants would come from Labrador.

The throne speech forecast a revision of tax agreements with A. V. Roe Canada Limited, parent of the Dominion Wabana Ore Company that owns the iron mine at nearby Bell Island.

Present tax rental agreements with the federal government provide that no royalties can be collected by the province on minerals developed on land not owned by the Crown. However, the government can tax a percentage of mining company profits.

"This has resulted in the receipt of no payments whatsoever from the Bell Island company on the ground that that company has shown no profits. . ." the speech said.

"You will be asked to give consideration to legislation enabling the government to create and operate a system of forest management. . ." and "you will be asked to give enactment to a full charter of the City of Corner Brook held over from your last session."

The speech said the government is concerned over the "somewhat rapid fall in the number of schooners and other vessels engaged in the fisheries and coasting trade."

Shipbuilding bounties have not been sufficient to assure the continued building and operation of local schooners. The government plans to introduce legislation "to pay bounties for the repair of local vessels in the hope that this will aid at least in holding the local fleet at its present number."

Opposition leader Malcolm Hollett introduced Rex Renouf, who had been sworn in at noon as Progressive Conservative member for St. John's South.

Mr. Renouf won a by-election called to fill a seat vacated when W. J. Browne retired to successfully contest the federal riding of St. John's West. Premier Smallwood said his presence will give the Opposition added strength to argue.

There are 32 members in the House, 28 Liberals and four Conservatives.

The House adjourned until Wednesday.

Dame MacLeod Reaches Toronto

TORONTO (CP)—Dame Flora MacLeod, head of the Clan MacLeod, was guest of honor Monday at a luncheon given by Lieutenant - Governor Keiller Mackay of Ontario.

She arrived here Sunday from Windsor, Ont., for a three - day visit with Toronto clan members. It is her third Canadian visit in three years.

Dame Flora, only woman ever to head the clan, will celebrate her 80th birthday Feb. 3 with a dinner in her honor in New York given by American MacLeods.

She plans to visit Montreal and the Maritimes before returning to Dunvegan Castle, her home on the Isle of Skye. She left there four months ago for a tour of Australia, New Zealand and the United States.