



MENS&BOYS

YOUNG AND OLD MALES WELL TAKEN CARE OF

China's Military Budget Fourth Largest In World

HONG KONG (AP) — Travellers from China have reported new clashes between Red Guards and farmers in the Shanghai area, while China hinted there is discord and opposition in its "people's liberation army."

In a related development, Moscow published accusations that China and the United States have entered into a secret deal over Viet Nam. This was a switch. The Chinese have contended there is a U.S.-Soviet deal on Viet Nam.

The new clashes between the Red Guards and farmers were described as "intense and bloody." The visitors said Mme. Mao Tse-tung, first deputy leader of China's cultural revolution, had to go to Shanghai to restrain the guards. She is the wife of the Chinese Communist party chairman.

Many businessmen were reported to have been seen parading in Shanghai streets, shouting: "I am a capitalist!"

The hint of discord among officers and men in the army came in a front-page editorial in Liberation Army Daily, the newspaper of Lin Piao's defence ministry. It indicated the discord centred on the deter-

mination of the Communist party to wield total control over the armed forces.

Lin has emerged as at least second to Mao Tse-tung in the hierarchy in the current Chinese political upheavals.

The editorial, carried in a broadcast dispatch by the New China news agency, urged the party cadres to abide by Mao's instructions in their work and told them their basic attitude toward the fighting men must be "to respect them."

The party cadres are the political commissars who are the party's watchdogs in the armed forces.

In another broadcast, the agency said the Red Guards in Peking are doing their utmost to facilitate the activities of the revolutionary teachers and students visiting the capital to exchange experience in the "great proletarian cultural revolution."

Growing numbers of teen-age Red Guards were leaving the cities to join in the autumn harvest in response to Mao's call, the broadcast added.

SAY AGREEMENT REACHED

In Moscow, the Soviet government newspaper Izvestia carried stories from the foreign press saying that Peking and Washington had agreed to avoid a military clash.

Izvestia quoted the Kyoto news agency of Japan as saying

Chinese Foreign Minister Chen Yi had told a Japanese delegation in Peking that China "is not necessarily dismissing the thought of talking with the United States" on Viet Nam. The newspaper, however, did not note that Chen Yi's remarks were made Sept. 6.

Izvestia also quoted the French weekly Tribune de Nation as saying that Washington had been given to understand there was little danger of serious Chinese intervention in Viet Nam and this played a big part in President Johnson's decision to bomb the Hanoi and Haiphong areas of North Viet Nam.

Agence France Presse also was quoted as saying that informed observers reported that China and the U.S. agreed in ambassadorial talks at Warsaw to avoid an open conflict.

Sales Increase At Dept. Stores

OTTAWA (CP) — Department store sales in August were 9.8 per cent higher than in August last year, the Dominion Bureau of Statistics reported.

Advances by regions were: Atlantic provinces 7.6 per cent, Quebec 12.6 per cent, Ontario 9.1 per cent, Manitoba 6.8 per cent, Saskatchewan 11.2 per cent, Alberta nine per cent, and British Columbia 10.7 per cent.

A man in Elgin, Ill., hit a railroad viaduct because he apparently did not see the sign, "caution, Low Bridge Ahead," which he himself painted recently.

12 Trust Companies Seeking Compensation From Ottawa

OTTAWA (CP) — Twelve trust companies have appealed to Finance Minister Sharp for a system of deposit insurance to compensate them for new freedoms chartered banks will win with revision of the Bank Act.

A delegation headed by Sinclair M. Stevens of Toronto spent an hour with Mr. Sharp and two senior finance department officials.

Mr. Stevens told a press conference later that "tremendous" advantages chartered banks hold over the so-called near banks would be extended by proposed Bank Act amendments.

The brief warns of a "grave danger" that special privilege and lack of competition could "develop and work its way into a control position in every facet of the country, not only industrial, commercial and financial but, because of that very position, political as well."

Main change in the Bank Act that would affect other institutions is a proposed formula that would trigger release of the six-per-cent interest ceiling on chartered bank loans.

Deposit insurance is one of six checks recommended to ensure competitive balance.

If operated on the principle applying now in the U.S., it would insure depositors against loss up to \$10,000 for any one account under any one name.

FEARSURE PUBLIC

Mr. Stevens said the insurance would eliminate public concern that they face greater risks by placing their savings with a trust company than with a chartered bank.

The insurance feature should be introduced at the same time as the Bank Act amendments if possible, Mr. Stevens said. A delay would accentuate the advantage of the big banks.

The 12 trusts, claiming 180,000 depositors, are all relatively small companies, but Mr. Stevens said he believes larger trusts and the Trust Companies Association of 24 members would support most of the arguments placed before Mr. Sharp.

The five other measures requested for near banks:

- Interim financing facilities similar to those enjoyed by banks.
- Permission to enter the consumer loan field.
- Access to full membership in the cheque clearing system at present reserved for chartered banks.
- The right to issue debentures.
- The right to waive the 15 per-cent withholding tax on deposits of foreign funds repayable in foreign funds; only chartered banks hold this right at present.

Brain-Washing In China Resisted By Armed Forces

TOKYO (AP) — Communist China has issued new army regulations which give another strong hint of disobedience in the ranks. They "demand" that soldiers respect and obey political cadres and carry out orders.

The 30-article company regulations, published by the general political department of the 2,300,000-man army, stipulate that the first criterion for promotion of a soldier will be "whether or not he reads chairman Mao Tse-tung's books, follows his teachings and acts on his instructions."

The fact that Mao and his new military strongman, Defence Minister Lin Biao, found it necessary to promulgate such regulations five months after the start of a vigorous purge suggests that their hope of putting the Communist party in total control of the armed forces has not yet been realized.

Peking also indicated Thursday that the Chinese peasants are being subjected to the sweeping ideological brain-washing characteristic of the purge.

HOMOSEXUAL QUERY MADE

WASHINGTON (AP) — All male applicants for jobs in the U.S. state department are being asked: "Have you ever engaged in a homosexual act?"

A state department spokesman disclosed this in the wake of testimony before a House of Representatives appropriations subcommittee that 30 employees left the department in 1965 as security risks. Some resigned, others were dismissed.

In the testimony released during the weekend, Deputy Assistant Secretary G. Marvin Gentile said 28 left for homosexual reasons and two for other reasons "such as excessive drinking, bad debts and excessive use of leave."

Demand For U.S. Steel Is Strong

CLEVELAND (AP) — Steel magazine says a strong demand for steel will continue for the remainder of this year.

The weekly journal of metalworking says the demand will hold up because the U.S. economy "still has much momentum, even though some of its forward thrust may have been curbed."

The magazine says U.S. steel mills are operating at a record rate for September to full orders on hand and adds: "The inflow of orders continues to be well sustained and prospects look good for well-filled order-books the rest of the year."

Steel production this month will reach a record of approximately 11,400,000 net tons, compared with the previous September record of 10,668,978 tons in 1964, the magazine says. It forecasts production for the first nine months of this year at 101,400,000 tons—only 1.9 per cent below the record of 103,400,000 tons of steel for ingots and castings made in the corresponding period last year.

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