

New Deal On Education Is Clarified By Ottawa

By DAL WARRINGTON
OTTAWA (CP) — Some of the confusion over how Ottawa's new deal for higher education will affect the Atlantic provinces seemed to be cleared up Tuesday but the four eastern premiers waited for Prime Minister Pearson to reconsider some of their objections.

The federal plan to get out of aid for vocational high schools that we don't like." The federal-provincial conference adjourned at noon Tuesday after Mr. Pearson promised to "take another look" at the effect this withdrawal would have on the provinces.

Campbell Calls Proposal Cloudy

CAPITAL BUREAU OF THE GUARDIAN
OTTAWA — P.E.I. Premier Alex Campbell said Tuesday that the federal government's new proposal for financial assistance to higher education is sufficiently cloudy as to cause him to delay comment.

The federal-provincial conference on aid to education broke up in some confusion Tuesday noon when the provinces and the federal government were unable to agree on the exact financial effects of the legislation on each provincial government.

Prime Minister Pearson said the officials from both levels of government would be holding separate meetings to try to measure the full benefits of the program in each individual case and the delegations would be spending Tuesday afternoon doing their arithmetic.

He said that at present he does not want to quote any figures because of what appears to be a wide diversity of opinion as to how much P.E.I. would receive under the proposal and how much it would lose because of federal withdrawal from vocational training programs.

PRINCE MP'S VIEW

Censorship Reported Strict In Portugal

OTTAWA (CP)—David MacDonald, Conservative MP for Prince, says censorship is so stringent in Portugal that even the Pope is regarded by the dictatorship as a subversive.

Mr. MacDonald, a United Church minister, and Andrew Brewin, lawyer and NDP MP for Toronto Greenwood, spent four days in Lisbon last week to collect information for a group which seeks amnesty for political prisoners in Portugal.

Mr. MacDonald and Mr. Brewin will address this group, which paid their fares to Portugal and arranged interviews, at a Toronto meeting this week-end.

At a press conference Tuesday, the Prince Edward Island MP said an article in a Roman Catholic publication on the election of Pope Paul was censored by the state to delete a reference to the Pope being open to ideas of the modern world.

Mr. Brewin said he and Mr. MacDonald entered Portugal as tourists and that as far as they knew they were not shadowed by the secret police.

Measures were taken by the persons they saw — relatives of political prisoners, lawyers, newspaper men, students and lay representatives of the Roman Catholic church — to keep the whereabouts of their meetings secret.

WASN'T CLOAK DAGGER
"But there wasn't much cloak and dagger," Mr. Brewin added. He said Portugal, an ally of Canada in NATO, has more political prisoners proportionately than any country in the world.

There was complete negation of any form of justice, a reign of terror through preventive detention and police and torture to extort confessions.

"The 40-year dictatorship in Portugal is not benevolent and gentle as supposed," Mr. Brewin said.

PROGRAMS JAMMED
Mr. MacDonald said CBC programs considered critical of the Salazar regime are jammed.

Incoming papers and magazines were censored or banned altogether. Even some Portuguese government documents were censored. No critical comparison with any other country was permitted.

"Even the word freedom is banned," Mr. MacDonald said.

Mr. Brewin added that Portuguese troops going overseas to fight colonial wars in Portuguese Guinea, Angola and Mozambique are not provided arms or ammunition until they arrive in Africa because of the government's fear of revolution.

second year of university. New Brunswick could not accept this. ADMITTED BY OTTAWA
Premier Smallwood said Ottawa admits this definition is a matter for the provinces. On the other hand Ottawa obviously had the right to determine the basis on which it will pay for higher education.

The university-aid proposals in themselves were fine. "We have no quarrel with them. But vocational education is one of our greatest problems."

"Why did they have to bring trade schools into it?" he asked. "Why not tackle the problem of universities by itself?"

Premier Stanfield said he does not foresee much more discussion on the education formula although there will doubtless be some comment when Mr. Pearson reports back to the conference today after his "second look."

"I don't think there's much more to be said on this in the conference," the Nova Scotia premier added. "No doubt there'll be plenty said outside."

might have to go toward our vocational training program," Mr. Campbell said. "We have two universities on the Island in St. Dunstan's and Prince of Wales and they both need more money. We are here to fight to help them get it."

He said that none of the premiers yet knows what his province may get from the federal proposal. Premier Ross Thatcher of Saskatchewan claimed, for example, that his province would lose money. But Prime Minister Pearson said Saskatchewan would gain \$9,000,000.

"This is how far apart the conference is and I think that the federal authorities themselves realize there are some snags in their program as announced by Mr. Pearson on Sunday," Premier Campbell commented.

RESUMES TODAY
Mr. Campbell said the conference on education would resume Wednesday morning and by that time it was hoped that some agreement could be reached on the financial aspects of the matter so that the proposal could be discussed again in an effort to reach a conclusion.

Tomorrow afternoon the conference swings into the tax sharing portion of the meeting and the premier said that the final touches were being put on a P.E.I. submission which will be made at the opening of this meeting. He expects the conference will conclude about noon Friday.

ASSISTING PREMIER
Assisting Premier Campbell here is Hon. Gordon L. Bennett, the education minister; and Hon. T. Earle Hickey, the provincial treasurer.

"Our problem is that any additional money we receive for assistance to higher education

contracted a virus infection which will necessitate cancelling his engagements for a few days. He deeply regrets that this will force him to postpone a visit to Prince Edward Island which was to take place next week."

In Charlottetown there was no immediate announcement of plans for the opening of the new science building at St. Dunstan's University, one of the official acts scheduled for the Governor-General during his visit.

In Ottawa, Premier Campbell commenting on the postponement of the visit to P.E.I. of Governor-General Vanier, said Mrs. Vanier expressed his regrets that His Excellency and Madame Vanier will be unable to be with Islanders next week as previously scheduled.

Premier Campbell said last night "I extend the best wishes of the people of P.E.I. to His Excellency for a speedy recovery and hope that his proposed visit may be re-scheduled at an early date."

Memorial Service Held For O'Briens
MONCTON (CP)—A memorial service for Mr. and Mrs. Lester O'Brien of Moncton, who were aboard the schooner Sandy Point lost earlier this month on a trip from Cartwright, Labrador to St. John's, Nfld., will be held here Thursday.

The 53-foot vessel left, Cartwright Oct. 2 on a return trip to St. John's. An extensive air and sea search turned up wreckage near the Spotted Islands of the Labrador coast.

Mr. O'Brien was a scrap metal dealer with business interests in St. John's, Charlottetown, Sydney and Halifax.

Borden Driver Escapes Unhurt
TRURO (CP)—No decision has been made about a material inquiry into the highway death of 58-year-old John Eisses of nearby Glenholme.

Mr. Eisses, a father of nine, died when the car which he was driving was in collision with a truck at Masstown, about 10 miles west of here.

Truck driver Lloyd William Perry of Borden, P.E.I., escaped injury

Probe Of Car Imports Now Being Conducted



SUMMERSIDE HIGH SCHOOL OFFICIALLY OPENS

Leutenant-Governor W. MacDonald lays the cornerstone of the new Summerside Senior High School at the official opening ceremony, held last evening. The chairman of the board of trustees, William D. Jay, president, General contractors, the Summerside firm of Williams, Murphy and MacLeod, Ltd., turned the key of the school over to Mr. Jay. (See story on page 3)

NEXT MOVE UP TO HANOI

Allies In Viet Nam War Draw Up Peace Formula

MANILA (AP) — The seven anti-Communist allies with troops fighting in South Viet Nam have resolved to pursue the war there "until the Communist aggression is ended," but offered them to withdraw foreign forces within six months if North Viet Nam pulls out of the south and violence ebbs.

The offer bore down on the central argument raised by the Communist side — that the United States intends to stay indefinitely and that no peace is possible without American withdrawal.

The offer was in a final communique of the seven-country anti-Communist summit meeting in Manila, which also produced a statement on the Goals of Freedom and a Declaration of Peace and Progress in Asia and the Pacific.

Prime Minister Keith Holyoake of New Zealand summed it up: "The ball is now in North Viet Nam's court."

Concerning the anti-Communist foreign forces in South Viet Nam, now numbering 370,000, the communique said:

Dief Says Liberals Caught In Removing Coat-Of-Arms

OTTAWA (CP) — Opposition Leader Diefenbaker said Tuesday that the government has backed away from a post office plan to remove the Canadian coat-of-arms and the words royal mail from postal trucks.

He sparked a Commons uproar when he charged that the Liberals "remove the Crown" at every opportunity. They "endeavored, by stealth, to get away with this and got caught."

Now the government was taking its usual course—running away.

Acting Prime Minister Martin angrily denied that the government has taken steps to remove references to the Queen. He said Liberals are as loyal to the Queen as is the Conservative chief.

Speaker Lucien Lamoureux had trouble keeping order as jeers, taunts and applause drowned out speakers in a 45-minute debate on the fate of the

Hunt Enlarged For Prisoners

HALIFAX (CP) RCMP said Tuesday the search for two prisoners who escaped from the Lunenburg County Jail early Monday morning has been extended beyond Nova Scotia.

Gerald George Howie, 29, of Enfield, N.S. and Wesley Clukey, 33, of Dartmouth, N.S., escaped after sawing cell bars.

Both had been serving sentences at the federal penitentiary at Dorchester, N.B., and had been transferred to the Lunenburg jail to testify as witnesses in a supreme court trial.

Studded Tires Okayed In N.S.

HALIFAX (CP) — Motorists will be able to use metal studded tires on Nova Scotia highways this winter provided certain limitations are followed.

Highways Minister Pyke said Tuesday government approval allows use of pneumatic tires fitted with metal studs on the highways at any time between Oct. 15-April 15.

The minister listed five provisions involving the limit of protrusion of the studs, diameter, number of studs allowed for each tire by weight of vehicle; balance in the number of studs used and method of embedding studs in the tires.

Medicare Bill Passes

OTTAWA (CP) — The medical care insurance bill received approval in principle by a vote of 182 to 21 in the Commons Tuesday night.

The Conservative and Social Credit parties split on second reading after an acrimonious eight-day debate.

The bill was opposed by 10 Conservatives, seven Creditists, two Social Credit members and two independents.

Voting for the \$700,000-a-year program were 102 Liberals, 59 Conservatives, 18 New Democrats, Social Credit MPs Bert Leboe (Cariboo) and A. B. Patterson (Fraser Valley) and Independent J. A. Mongrain (Trois-Rivieres).

The legislation still requires clause-by-clause study and third reading, which could be a lengthy process since opposition parties have promised to introduce many amendments.

NO MENTION OF BOMBINGS
The communique did not show any willingness to cease the bombing of North Viet Nam, as has been demanded at the United Nations. Nor did it mention (Continued on page 3, col. 5)

among ourselves, until the aggression is ended," the communique said.

They shall be withdrawn, after close consultation, as the other side withdraws its forces to the north, ceases infiltration and the level of violence thus subsides. Those forces will be withdrawn as soon as possible and not later than six months after the above conditions have been fulfilled.

U.S. sources noted it would take at least six months to withdraw the huge force, including 330,000 Americans.

The South Vietnamese government subscribed to the withdrawal, but its own qualification was embodied in the communique. It said South Viet Nam, mindful of past experience, would "insist that any negotiations leading to the end of hostilities incorporate effective international guarantees."

While offering a road to peace, South Viet Nam's allies vowed that the country would not be conquered by aggressive force.

"We shall continue our military and all other efforts as firmly and as long as may be necessary, in close consultation

PC Motion Declares \$1 Million Involved

OTTAWA (CP) — Industry Minister Drury told the Commons Tuesday the revenue department is conducting a "semi-judicial investigation" into a car import transaction involving Studebaker and Volkswagen.

Revenue Minister Benson confirmed that the transaction is under investigation.

Neither minister offered a direct reply when T. C. Douglas, NDP leader, asked whether they were aware the transaction involved Studebaker of Canada buying Volkswagens in the U.S., importing them into Canada duty-free under the Canada-U.S. Auto agreement and then reselling them to Volkswagen at a "handsome profit."

REJECTS MOTION
Speaker Lucien Lamoureux disallowed a motion by Alfred Hales (PC — Wellington South) for an emergency debate on the issue.

Mr. Drury, Mr. Benson, External Affairs Minister Martin and John Turner, minister without portfolio, all argued against an emergency debate.

Michael Starr (PC-Ontario) said Studebaker, in the throes of going out of business at Hamilton, made a deal with another company to evade duty and that the government was party to the deal.

Mr. Benson said a letter was written to officials of his department asking whether a transaction would fall under the terms of the auto treaty, which permits Canadian car manufacturers to import foreign cars or parts duty-free.

A department official had replied that if the transaction was carried out in a certain way it would fall under the terms.

The question now is, Mr. Benson said, whether the transaction was carried out in conformity with the opinion given by the department official.

REVEALS NO NAMES
Mr. Benson did not reveal the names of the writer of the original letter or of the official who replied.

Opposition Leader Diefenbaker demanded to know whether the government had given permission for what he called the mulcting of the public treasury.

Mr. Benson said it had not. Mr. Diefenbaker asked that the letters in question be tabled.

Mr. Benson said he first would have to look at them.

Mr. Hales said in his motion that Canadian taxpayers were short-changed about \$1,000,000 by the two car firms.

He said Volkswagen Canada Ltd. and Studebaker Canada Ltd. each saved roughly \$500,000 in duties on the deal.

PROMISES ACTION
Mr. Benson said if there had been any evasion of duty, corrective action would be taken.

Mr. Diefenbaker quoted the president of Volkswagen as saying he had misgivings about the transaction and that the company had obtained legal clearance in writing for the deal.

Mr. Douglas said Studebaker had imported 5,000 Volkswagens, evading the 17-per-cent tariff.

He asked whether similar deals have been made by other Canadian car companies. Were there other loopholes in the agreement?

Raymond Langlois (Creditist — Megantic) said fancy skating around the law should be stopped.

Mr. Drury replied that the revenue department is examining the propriety or otherwise of the transaction.

Mr. Hales asked whether the revenue department had consulted the justice department about the legality of the deal.

GIVES NO DIRECT REPLY
Mr. Benson said he accepted full responsibility in the matter, but gave no direct reply to the question.

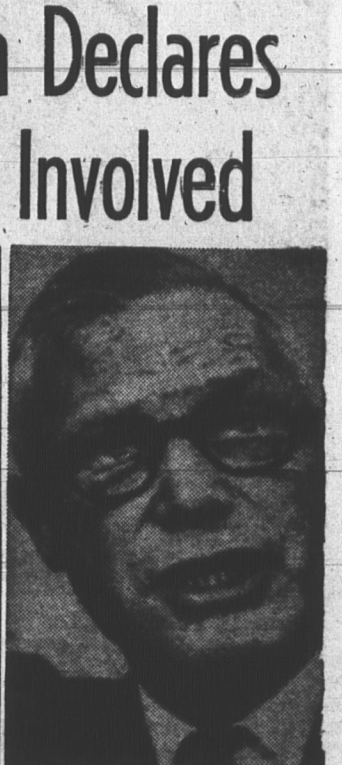
Mr. Douglas asked whether new evidence has come to light in the case which caused the departmental investigation.

Mr. Benson said he would not like to prejudice his auditing department, which had started an investigation before the matter was raised in the House Monday. But there seemed to be doubt that the transaction had been carried out in conformity with the opinion given by his departmental officials.

In Toronto, a spokesman for Volkswagen Canada Ltd. said Studebaker Canada Ltd., using its duty-free status, imported about 10,000 Volkswagens into Canada between January and June, 1965.

The spokesman was clarifying his company's earlier statement that the total had been only about 5,000 cars. He said the first figure was an estimate made from memory by Karl Barths, president of Volkswagen Canada.

The larger total came to light when the company had a chance to check its books Tuesday.



HON. MR. DRURY

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Russian Satellite Orbits Moon

MANCHESTER, England (Reuters) — The Soviet space shot Luna XII went into orbit around the moon at 4:47 p.m. EDT Tuesday, scientists at the Jodrell Bank radio-telescope reported.

Earlier scientists at the space-tracking station picked up strong signals from the satellite for more than 75 minutes.

Luna XII, launched Saturday, may be the Soviet Union's first lunar orbiting craft to carry cameras to take close-up pictures of the moon's surface, though its mission has not been defined.

Sir Bernard Lovell, director of Jodrell Bank, said Luna XII may be in closer orbit of the moon than any earlier space shot.



HANDSHAKING AUSTRALIAN Prime Minister Harold Holt and Vietnamese Premier Nguyen Cao Ky are shown with U.S. Secretary of State Dean Rusk, CENTER, after signing of joint communique on Viet Nam in Manila Tuesday. President Johnson and his war allies announced they are prepared to withdraw forces from South Viet Nam within six months after their conditions for establishing peace are fulfilled. (AP Wirephoto via cable from Manila)