

WEST COAST AMERICANS ALARMED

Sinister Activities Hinted By Russian Trawler Fleet

SEATTLE (AP) — The Congress of American Fishermen said Monday it is convinced the Soviet trawler fleet operating off the West Coast is engaged in even "more sinister activities" than depleting American fishery resources.

W. G. Saletic, CAF president and spokesman, said in a press release. "Recent events have caused the CAF to conclude the United States is in great danger."

"Not only is the trawl fleet systematically wiping out our fishery, which may mean the difference between life and death for future American generations, but the Russian ships are now believed to be engaged in even more sinister activities."

Saletic said an "individual purporting to be with the Central Intelligence Agency" has asked the CAF to assist in determining the military significance of various Russian vessels. He said CAF would cooperate if investigation proves the request to be legitimate.

The CAF pointed to an article in the March, 1966 issue of the Navy, the official publication of the Navy League, stating that homing devices of Russian manufacture are being discovered on the bottom in key spots off the coast.

WILL AID MISSILES

The article said these devices would permit submarines or ships to fire ballistic missiles with extreme accuracy. The CAF said this may explain the U.S. Coast Guard's refusal to allow Russian vessels to enter San Francisco Bay for repair work.

Saletic said the coast guard continues to report far fewer vessels in the Soviet fleet than does the CAF. He said at least 14 more vessels have joined the Russian fleet, but doesn't know whether these are replacements for some of the 70-odd original vessels or are in addition to that number.

The CAF attempted to contact the Russians Friday by sending a representative to the Soviet flagship Churkin anchored about 12 miles due west of Oysterville, Wash. A message was hoisted aboard, but the Russian flotilla chief said he had no authority to exchange observers for a 24-hour period and would have to obtain a decision from Russia.

Saletic described the Soviet distant water trawler as "brutally efficient in depleting another nation's fishery resources which may in itself have military significance." He said the only answer to the problem would be for the federal government to set a 200-mile fishing limit.

Summerside Firm To Get Souris Job

CAPITAL BUREAU OF THE GUARDIAN
OTTAWA — A contract is to be let this week to Morrison and McRae Ltd., of Summerside for work on the boat harbor at Souris, it was announced here by Public Works Minister George McLeith. The contract represents a further stage in the improvement program for the harbor. Contract price is \$96,346.15. Two tenders were received by the federal department.

Selling Hits N.Y. Market

NEW YORK (AP) — The stock market was rocked Monday by one of its steepest setbacks in recent years.

The Dow Jones average of 30 industrial plunged 16.03 points to 886.80, its biggest one-day drop since Nov. 22, 1963, when President Kennedy was assassinated.

Prices were at their lowest levels of the day at the close.

Sevigny Denies Gerda Ever Was His Mistress

Two More Deuces, Dief Says

OTTAWA (CP) — The government reorganization bill was given first reading in the Commons Monday night after a five-hour debate on a resolution, summing up the broad changes involved.

Approval of a resolution announcing the legislation nearly was held up at an early stage in the debate by what both Prime Minister Pearson and Opposition Leader Diefenbaker apparently thought was an oversight.

The prime minister led off the debate by describing the proposed changes as the most extensive in Canada's peacetime history.

Most of the administrative shuffle announced last Dec. 17 actually has taken place.

The resolution provides for creation of a new cabinet portfolio — president of the treasury board — and establishment of five reorganized departments — manpower; solicitor general; energy, mines and resources; registrar general; and Indian (Continued on page 3, col. 6)

Ferry Fares Probe Due In Province

OTTAWA (CP) — H. J. Darling, chairman of the Canadian Maritime Commission, will make a personal trip to Prince Edward Island to hear representations against increases in ferry fares between P.E.I. and the Mainland, the Commons was told Monday.

Transport Minister Pickersgill said Mr. Darling would hold hearings as soon as possible on new rates which went into effect May 1 but were ordered suspended effective today so that ferry users could lodge protests against the increase.

One-way fares were increased to \$3 from \$2.

Newfoundland Fishermen Hit

CORNER BROOK (CP) — A weekend wind storm caused an estimated \$1,000,000 damage to the lobster fishing industry in western Newfoundland, reports said Monday.

Town Manager M. J. Shefflin of Stephenville said he had sent telegrams to Premier Smallwood and federal fisheries minister Robichaud for immediate financial aid to lobster fishermen.

About 95 per cent of the lobster traps at St. George's Bay were reported destroyed.



HONORARY DEGREE CONFERRED

Lieutenant-Governor W.J. MacDonald addressed the graduating class of St. Dunstan's University at their convocation exercises yesterday afternoon. His Honor (RIGHT) is seen with Rev. George MacDonald, president of the university, upon receiving his honorary Doctor of Laws degree. Msgr. MacDonald also addressed the graduates and told of the expansions of the grants which the government are offering the universities this year. (See also stories on pages 2 and 5 and pictures on pages 3 and 5.)

PLAZA NAME GIVEN AREA

Half-Million Reported Donated To Finish Confederation Centre

By LORNE YEO

A half-million dollars has been donated by someone outside the province for the completion of Confederation Centre, it was announced at a regular meeting of City Council last night.

Also made known was the fact that faults in the building to the amount of \$60,000 are to be corrected by contractors of the complex. Both projects are to go ahead with no cost to the city taxpayer.

The area around Confederation Centre is to be known as "Confederation Plaza." A resolution moved by Councillor Dorothy Corrigan and seconded by Councillor John Morris was passed making that area on Queen Street between Grafton to Richmond and on Grafton Street between Queen to Great George streets known as Confederation Plaza as requested by the merchants on these streets and endorsed by the Charlottetown Board of Trade.

RESOLUTION DEFEATED

A resolution governing travel by elected officials and employees of Charlottetown was defeated by a four to three vote from Council.

The motion was moved by Councillor Louis D. Johnston and seconded by Councillor Doug MacDonald.

The motion was lost after Council considered the expense of travel which also involved the cost of entertainment by council members who would be allotted a certain amount of money for making a trip.

Councillor Johnston, chairman of the light committee said "you're not going to entertain any more than four persons at one time."

"I've entertained as many as a dozen at one time," stated Councillor Morris, chairman of the fire committee.

Councillor Johnston suggested that council had not considered the resolution well enough for a clear understanding of it and added that this matter was put before councillors two months ago and that Council had ample opportunity to review it.

TAXES DISCUSSED

In reporting for the finance committee, chairman John P. Nicholson informed council that tax-bills have all been sent out. Tax-notices for real estate will be sent by the end of the week (Continued on page 3, col. 4)

Explains Sleeping Night In Apartment

By DAVE McINTOSH

OTTAWA (CP) — Pierre Sevigny swore on oath Monday he fell asleep in Gerda Munsinger's Montreal apartment early in the morning of Nov. 27, 1960, but that the German woman never was his mistress.

The former Conservative associated defence minister told the Munsinger inquiry he had seen Mrs. Munsinger on that occasion at the request of an old friend, Jacqueline Delorme.

He had told Mrs. Munsinger he would do his best to have her German passport renewed so that she could return to Germany. He had gone to her apartment about 12:15 or 12:30 a.m. Nov. 27, 1960, after a full day's work on public and private business.

"We talked at great length," Mr. Sevigny said. "I felt it was the last time I would ever see her. Because I was very tired I fell asleep. When I woke up it was in the early hours of the morning. I went back to sleep again. When I woke up, I called a taxi and took the train from the Westmount Station to Ottawa. It was the last time I ever saw her."

NEVER HIS MISTRESS

Mr. Sevigny said Mrs. Munsinger "never was my mistress" and that as long as he knew her in 1959-60 "she was not a prostitute, call-girl nor a thief."

He said the word mistress implies "a kept woman by a married man."

"Mrs. Munsinger was never a mistress to me."

He had never paid her rent or given her money. She had never asked him for money except once after being robbed. She had offered to repay.

RCMP reports submitted to the inquiry described Mrs. Munsinger as the mistress of Mr. Sevigny, a common prostitute, petty thief, passer of bad cheques and self-admitted one-time Soviet espionage agent.

Julius Dupre, counsel for Mr. Sevigny, introduced as evidence a letter signed in pencil "Gerda" and dated April 28, 1961.

Miss Delorme testified she received the letter from Mrs. Munsinger.

LEFT IN 1961

The letter said Mrs. Munsinger was working in April, 1961, for the U.S. forces in Munich, a job she had held before coming to Canada in 1955. She left Canada Feb. 5, 1961.

The document bore the letterhead European Exchange System, South German District, Office of the District Officer, APO 108, U.S. Forces.

Miss Delorme, a platinum blonde said she first knew Mrs. Munsinger under the name of Ricky or Olga Monseigneur.

She said that in November, 1964, she bumped into Hubert Ducharme, who had introduced Mrs. Munsinger to her Sept. 30, 1959, and John Doyle in New York. She did not identify Doyle further.

Mr. Ducharme, whom she described as a lawyer, had inquired about Olga Monseigneur and she had told them Mrs. Munsinger had died of leukemia.

She had given this information because she concluded Mrs. Munsinger had died after her letters from Germany had stopped coming. The last letter from Mrs. Munsinger said she had been gravely ill with leukemia, had had a complete change of blood and was recuperating on the Mediterranean.

SPOKE IN COMMONS

Justice Minister Gardiner on March 4 in the Commons referred to the Munsinger case and at a press conference six days later stated that "the news came to us" that Mrs. Munsinger had died of leukemia in East Germany.

Mr. Gardiner has charged that "two or more" Conservative cabinet ministers were involved with Mrs. Munsinger and that then prime minister Diefenbaker mishandled the case when it was brought to his attention. His charges led to the present inquiry under Mr. Justice Wishart Spence of the Supreme Court of Canada.

Mr. Sevigny, who spoke slowly and firmly, testified that he was called to Mr. Diefenbaker's office Dec. 13, 1960, by Justice Minister Spence.

Mr. Diefenbaker hadn't concealed that he was "terribly distressed and upset."

"I was told that if there had been any breach of security or a leak of any sort this meant I would have to leave the cabinet," Mr. Sevigny said.

He had told Mr. Diefenbaker and Mr. Fulton he had never suspected that the woman could be connected with subversive activities.

"I also mentioned I had not been black-mailed by anyone and I have not been since."

"The prime minister insisted I stop all communication with Mrs. Munsinger. I told him I had stopped in January and that it was only by extraordinary circumstance I had met her in November, 1960. I told him I would not communicate with her again and I never did."

Mr. Sevigny added: "I was told the matter would be studied. If there was no breach of security, no action would be taken. If there had been that was the end."

RECEIVED CALL

Mr. Sevigny said he didn't know Mrs. Munsinger had "arisen from the dead" until he received a telephone call from her March 11, 1965.

"I was so surprised I dropped the telephone on the floor."

Miss Delorme said in her testimony that she called Mrs. Munsinger the same day and told her she was accused of being a spy.

"She said, 'You know very well I'm too dumb to be a spy.'"

Mr. Sevigny said Mr. Diefenbaker and Mr. Fulton couldn't doubt his loyalty to his country.

"I knew if they had any doubts they would not keep me one minute longer in the cabinet. They are men of honor."

Mr. Sevigny said he was dumbfounded by the RCMP information against Mrs. Munsinger.

"I can't understand why the RCMP did not come to me. It would have saved me embarrassment and a lot of people a lot of time."

"I am not lacking in physical or moral courage. It's all very nice for the RCMP to say what might happen and that this was a classic example. But it takes two people to make a contract even if it is a black-mailing contract."

WASHINGTON (AP) — The commissioner of the U.S. Food and Drug Administration has formally closed the door against consideration of any proposal to test the controversial material krebiozen in humans.

Yank Pilots Report Heavy Missile Fire

SAIGON (AP) — U.S. war planes attacking close to the North Vietnamese cities of Hanoi and Haiphong Sunday met unusually heavy challenges from Soviet-built anti-aircraft missiles and a weak thrust from two MIG fighter planes, U.S. spokesmen reported Monday.

The American planes were said to have destroyed two of the missile sites and chased off the MIG-17s.

The U.S. military command said a missile base 12 miles north-northwest of Haiphong, North-Viet Nam's chief port, was destroyed by U.S. Navy A-1 Skyhawks; another site 30 miles north-northeast of Hanoi, the

H-Bomb Unlikely In Chinese Test

By THE ASSOCIATED PRESS
China set off Monday a nuclear blast containing "thermonuclear material," Radio Peking reported. Without saying the Chinese seemed to suggest that their third nuclear test was that of their first hydrogen bomb; a device much more powerful than atomic bombs.

But the Japanese meteorological agency reported no abnormal atmospheric pressure following the blast and a spokesman said: "Therefore we don't believe that the latest Chinese device was a hydrogen bomb of a megaton class (range of H-bombs)."

In Washington, a state department press officer, Marshall Wright, said the device was "in the same general range" as the two previous Chinese nuclear bomb explosions set off during the last two years — atomic blasts roughly

the equivalent of the force of 20,000 tons of TNT, or one-fiftieth of a megaton.

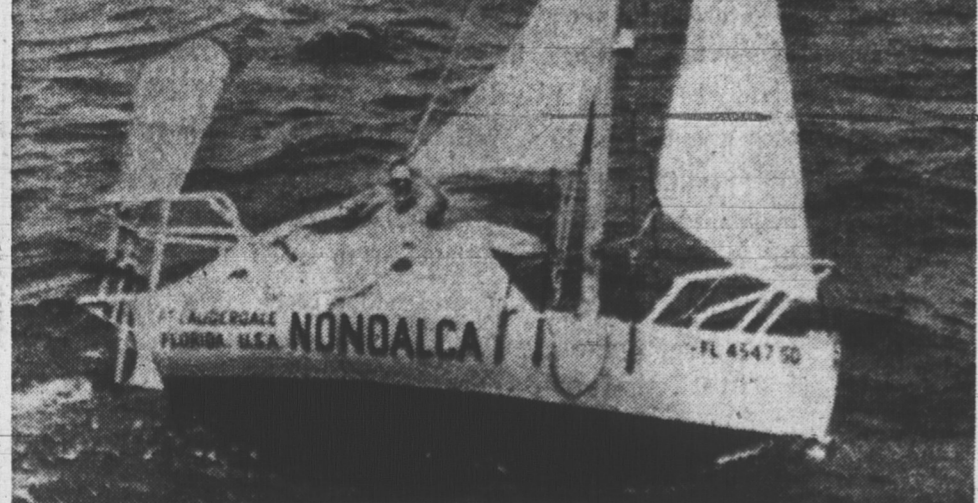
"Further evaluation must await the collection and analysis of the debris in the atmosphere," Wright said.

Washington made no mention of a thermonuclear device, although Washington had said previously the next Chinese blast might be a hydrogen bomb.

EXPLODED IN AIR
A Chinese-language domestic broadcast said the test was made in the air, leaving the implication a plane dropped the bomb.

Washington said the test site was remote Sinkiang province of China's northwest, an area next to the Soviet Union rich in uranium. This is where the first two tests were conducted.

The first device was exploded Oct. 16, 1964, and the second May 14, 1965.



SAILS FOR IRELAND

Bill Verity, of Pompano Beach, Fla., waves from the hatch of his specially constructed 12-foot sailboat as he left Fort Lauderdale Sunday hoping to make a nonstop trip to Cralee, Ireland. Verity plans to make the trip in 75 to

90 days and set a record for small boats crossing the Atlantic. (CP Wirephoto)

New Shifts In Tax Structure Outlined In Foundation Report

By JAMES NELSON

OTTAWA (CP) Consolidation of federal and provincial sales taxes and a shift to the provinces of federal revenues from tobacco and liquor taxes is suggested in a review of federal-provincial tax relations published by the Canadian Tax Foundation of Toronto.

It says the present split between federal and provincial occupancy of the personal income tax field is about as far as the two levels of government should go.

The foundation's 312-page book in English and French, based on an earlier work by A. Millon Moore and J. Harvey Perry was prepared for the tax structure committee composed of federal and provincial finance ministers and treasurers. Donald I. Beach, until recently a member of the foundation's staff, brought the earlier work up to date.

The tax structure committee has been preparing for the autumn start of federal-provincial negotiations on new tax-sharing arrangements. The current ones expire in the spring of 1967.

The book says Canadian experience in financing a federal form of government has become a model for other federal states, but more and closer cooperation is needed between the two levels of government at every stage of research and tax policy formulation.

SEES NO FINAL SOLUTION
Ronald Robichaud, director of the foundation, says in a fore-

word that in a dynamic federal country like Canada "there is probably no such thing as an absolutely final solution."

Federal imposition of direct taxes and the constitutional restriction against the provinces enfeebling the indirect tax field leaves the provinces with little room for flexibility, the book says.

While recent federal-provincial arrangements have recognized increasing provincial need and allocated an increased share of revenues to the provinces, too much use of the personal income tax has been made for this purpose.

Even with the provincial inability to levy indirect taxes, federal revenues from alcohol and tobacco, for example, could be shifted to the provinces through the provincial tobacco taxes and liquor store operations.

The book also says administrative duplication and lack of a uniform tax base result in an inefficient cultivation of the sales tax held in Canada.

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MRS. PIERRE Sevigny (LEFT), wife of the former Conservative associate Defence Minister, and Miss Jacqueline Delorme of Montreal, an old friend of German play girl Gerda Munsinger, are seen leaving Monday's hearing of the Mr. Justice Spence inquiry into the Gerda Munsinger affair. (CP Wirephoto)