

"Covers Prince Edward Island Like The Dew"
CHARLOTTETOWN, CANADA, TUESDAY, SEPTEMBER 27, 1966.

TEN CENTS

22 PAGES

W German Firm Drops Bell Island Mine Offer

Smallwood Reports Decision Surprise

ST. JOHN'S, Nfld. (CP)—Premier Smallwood announced Monday that the West German firm of steelmakers who had been asked to operate the iron mine on Bell Island for a two-year trial period has rejected the offer.

The announcement of their decision appeared once again to plunge the future of the island and its 9,000 inhabitants into uncertainty after a summer of hectic negotiations aimed at reopening the mine, backbone of the community's economy.

Mr. Smallwood said he first received an indication Friday of the rejection and that this was confirmed Saturday. He then offered the Germans \$1,000,000 for each of the two years to help offset any losses they might incur. But the final rejection was received at noon Monday, he said.

The Germans claimed the mine could be operated economically unless it was producing 500,000 tons annually. The proposed operators, Roechling Steel, could not consume this much ore from the Wabana mine on Bell Island about 18 miles from St. John's, and they could not find markets for the part they did not consume.

The mine was closed June 30, the two months after the Dominion Steel and Coal Corp. announced it was ending 71 years of mining at Bell Island. The provincial government bought the entire operation and offered to rent it to Roechling if it would operate the mine and attempt to upgrade the ore. The low grade of the ore was the reason given by Dosco when it left Bell Island.

CAME AS SURPRISE

Premier Smallwood said he was more than shocked. "I'm staggered by it. We had no reason whatsoever, up to Friday, even to suspect that there would not be a favorable decision by the executive committee of Roechling and then by the full board. Representatives of the German firm indicated earlier they would recommend acceptance."

"My own feelings, but it's just a feeling," Mr. Smallwood said, "is that somebody dropped out."

He said there had been a suggestion that some potential customer for the excess ore, possibly as a partner in the deal, had decided at the last minute not to take the Wabana ore.

"I will continue my efforts to keep that mine going," Mr. Smallwood said. "I have no great faith in those efforts, they're more likely to fail than to succeed."

Only 67 men have been maintaining the mine since the government takeover, compared to 850 Dosco announced it was pulling out.

Packers, Union Talks Continue

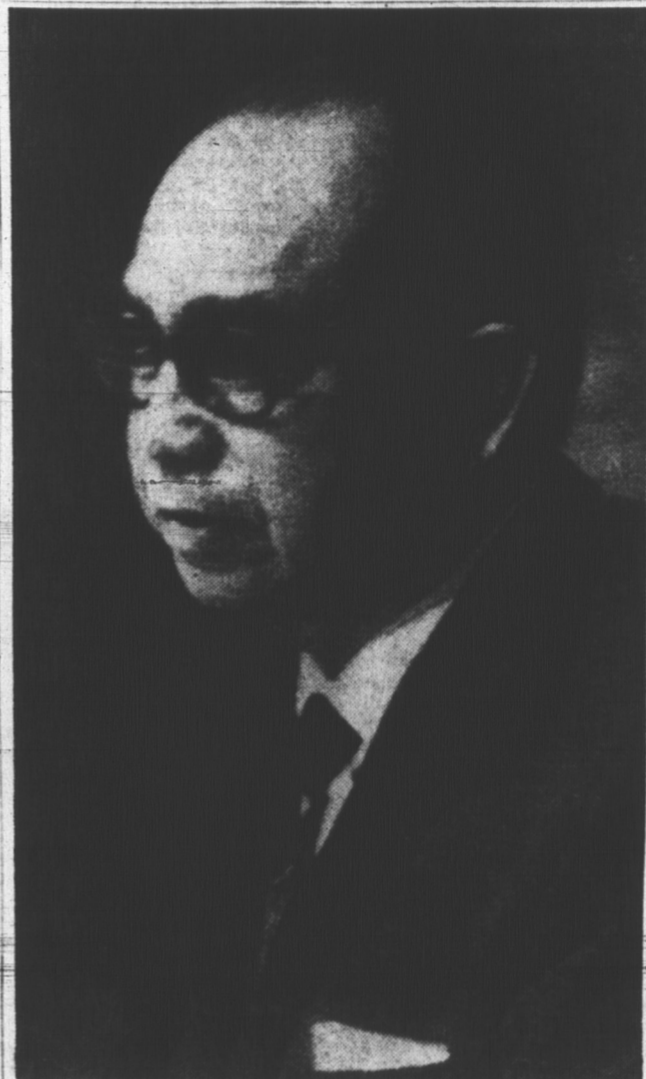
TORONTO (CP)—Swift Canadian Co. Ltd. and the United Packinghouse, Food and Allied Workers' union began negotiations Monday for a new contract.

A company spokesman said it was too early to say whether progress was being made. The issues under negotiation were not disclosed.

The bargainers moved into the Royal York hotel only hours after union negotiators vacated the rooms where they have been engaged in intensive negotiation with Canada Packers Ltd. seeking settlement of a strike that began 10 weeks ago.

Canada Packers and union spokesmen said Monday that despite a break in the talks that came Sunday night, negotiations continue.

The union struck eight Canada Packers plants in six cities July 19 in support of demands for a 30-per-cent wage increase and contract changes to provide greater protection in the face of automation.



Pearson Being Urged To Delay Byelection

OTTAWA (CP)—So many Liberals are eyeing the Commons vacancy in nearby Hull that an expected byelection likely will be put off until 1967, at least, party sources say.

Prime Minister Pearson is under pressure not to call a byelection this fall. Liberals fear a scramble for the nomination that would splinter ranks and hurt chances of holding the seat, which has voted solidly Liberal since 1921.

At least five prominent Liberals are considering the nomination. They include Pierre Caron, 30, whose father, Alexis, died Aug. 31 after representing Hull in Parliament for 13 years.

Dr. Gaston Isabelle, 45, Liberal MP for the neighboring riding of Gatineau, lives in a suburb being added to Hull constituency in the redistribution of seats and hopes to switch his political base to Hull.

He prefers to wait until the next general election to switch ridings.

"There is no need to rush into a byelection," he said in an interview. "It would only start a fight and split the party."

Roy Fournier, a Hull lawyer who represents Gatineau in the Quebec legislature, is considering a switch to federal politics, but provincial Liberals have advised him against it.

Jean Lesage, Quebec Liberal leader, went out of his way last week to announce that Oswald Parent, Hull Liberal member of the legislature, had decided against seeking the federal nomination.

Mr. Pearson said after he became prime minister that he would make it a practice to call byelections as soon as possible after a vacancy appeared in the Commons. And he has followed this so far.

The timing of the Hull byelection is expected to be discussed by Quebec Liberals at the national party conference here Oct. 10-12. Quebec delegates are expected to ask Mr. Pearson to defer the byelection until next spring or later.

Ford Cuts U.S. Price List To Meet GM, Chrysler Level

DETROIT (AP)—Ford Motor Co. slashed Monday originally announced prices of its forthcoming 1967 cars to make them more competitive with General Motors and Chrysler autos.

Ford's original price list for new cars which go on sale Friday—averaged to a company figured \$107 higher than for 1966 models. Chrysler went up an average \$103 and General Motors an average \$54.

Ford's decision had been expected. The original price increases had drawn critical comments from President Johnson, Walter Reuther, United Auto Workers president, and various government officials.

Johnson said he regretted the increases, while Reuther called them "scandalous and shocking."

Ford, first of the auto-makers to list prices for its safety-oriented new cars, admittedly was trapped in a bad competitive position when both GM and Chrysler subsequently announced smaller increases.

The question in automotive circles had been how Ford could gracefully adjust its prices downward in light of the GM and Chrysler figures.

Ford slashed the price of its 1967 Mustang below that of Chevrolet's new Camaro and claimed "the lowest priced sports model offered by a U.S. manufacturer for 1967."

The original price of the 1967 Mustang 6, two-door hardtop had been posted as \$2,510.06. That was cut to \$2,461.46 or \$48.62 which put it under Camaro's posted price of \$2,466.

There were indications Chrysler might cut its prices today in line with the Ford trend.

American Motors, fourth largest of the U.S. auto-makers said it would announce its prices a couple of days before its cars go on sale Oct. 6.

In addition to revising prices, Ford also announced as Chrysler did earlier in the day that its car warranty would be extended to cover steering, suspension and wheels on its new cars. This was in addition to warranty it posted for its power train—the engine and transmission.

A UAW spokesman said Ford's decision to revise its prices was interesting but he added that Reuther would have no immediate comment.

Malaysian PM Has Peace Plea

By ALEXANDER FARRELL

UNITED NATIONS (CP)—Malaysia's deputy prime minister, Tun Abdul Razak, appealed to UN members Monday to help bring about an Asian peace conference on Viet Nam.

His appeal to the General Assembly reinforced a similar call made last Wednesday by President Ferdinand Marcos of the Philippines.

But the Soviet bloc continued to insist on United States withdrawal from Viet Nam as the only path to peace in that country.

Foreign Minister Vaclav David of Czechoslovakia said "it is necessary to reject with indignation" the latest U.S. proposals on Viet Nam, put before the General Assembly Thursday by U.S. Ambassador Arthur Goldberg.

Meanwhile, diplomatic soundings continued outside the assembly hall, with Canada's external affairs minister, Paul Martin, and then by the full board. Representatives of the

THE DEPUTY PRIME minister of Malaysia, Tun Abdul Razak, appeals Monday to members of the United Nations General Assembly to assist the Asian countries to arrange a peace conference on Viet Nam. "An end must be brought, and brought early," said Razak, "to this most unfortunate of conflicts."
(AP Wirephoto)

PRICE INCREASES CUT ADVANCES

Gross National Product Eases In Second Quarter

OTTAWA (CP)—The gross national product flattened out during the second quarter of 1966 to a 1.6-per-cent increase over the first three months, most of it in the form of higher prices, the Dominion Bureau of Statistics reported Monday.

The GNP during April, May and June ran at an annual rate of \$57,008,000,000. The first-quarter rate was \$56,112,000,000.

One full percentage point of the 1.6-per-cent advance was taken up by price increases. The first-quarter increase over the last quarter of 1965 was 4.4 per cent, with price increases reducing the real gain to three per cent.

Business and the provincial and municipal levels of government continued to show significant increases in their demand within the GNP, which measures the total dollar value of goods and services produced in Canada.

AUTO DEMAND DROPS

A sharp drop in demand for new cars moderated the overall level of consumer spending on goods and services.

Lower car purchases were especially marked in Ontario, where buyers beat the April 1 imposition of higher sales taxes with more purchases than usual.

DBS said lower new car demand in the U.S. may have affected exports of automobiles after a busy first quarter. The bureau noted an upward swing in June for new car sales but said it did not match levels for the last year.

Car production slowed less than demand, causing an inventory buildup at all levels, particularly on the lots of car dealers.

Total personal expenditure showed an overall increase of only half of one per cent and that was more than wiped out by price increases.

Spending by all governments rose about 2 1/2 per cent, with the increase concentrated at the provincial-municipal level.

HOUSING STARTS DOWN

The business sector spent more during the quarter on new buildings, and slightly less on machinery and equipment. Investment in housing was 3 1/2 per cent higher but housing starts—especially on apartments—were down in the first half of 1965.

Trade figures were less impressive than during the first three months, contributing to a current account deficit of \$1,000,000,000 at annual rates. The deficit had been \$700,000,000 at annual rates during the first quarter.

Main component was a decline in the merchandise balance, with exports down two per cent and imports up 1 1/2 per cent.

On the income side of the accounts, labor income advanced two per cent for the smallest quarter-to-quarter change since the fourth quarter of 1964. Profits remained at a high level, but were fractionally lower.

DBS said price increases would have been larger except for special factors that carried prices on government spending lower.

Man Walks Next Day After Leg Amputation

TORONTO (CP)—The first Toronto resident to walk after a leg amputation, has been performed at a Toronto hospital.

The operation team, doctors D. M. Godfrey and Thomas Barrington, Sunday described the amputation on Hugh McCahon of Toronto as entirely successful.

Mr. McCahon, a construction worker, was operated on Aug. 17 and is walking today when normally he would just be getting out of bed on crutches.

The operation, called as "instant prosthesis", involved a metal fitting built into a plaster cast about the leg. The day following the operation, Mr. McCahon stood and walked.

Twenty-two days later the stitches were removed.

BROKE HEELS

Mr. McCahon was injured July 15, 1965, when he fell 15 feet down a hole, shattering both heels.

The right heel would not heal and the foot and part of the lower leg were amputated.

The operation itself was first introduced in France and Poland where Dr. Godfrey saw it performed in the United States. A research team has been set up in Seattle to perform the operation.

Here, it was part of a research project and utilized services of the department of veterans affairs and the division of rehabilitation of the University of Toronto faculty of medicine.



HUGH MCCAHON of Toronto uses canes to walk on an artificial leg at his home two months after his own leg was amputated below the knee. Doctors at Toronto's East Cen-

Phoney Excuses In Civil Service Pensions

NIAGARA FALLS, Ont. (CP)—The federal government makes "phoney excuses" to retired civil servants in their requests for increased pension benefits, A. Reg. Buckler of Annapolis Royal, N.S., told the Federal Superannuates National Association Monday.

Mr. Buckler, making a report as president to the first national convention of the association, accused the government of twisting facts and manipulating figures.

Mr. Buckler said a request for a raise in pensions was sent to the prime minister and minister of finance in 1963.

"The government claimed nothing could be done by way of raising pensions until the Canada Pension Plan was passed."

Three "excuses" which, he said, "in every case have been discredited" were:

1. Pensions have not been raised because there are no funds in the superannuation account.
2. The superannuation fund is not actuarially sound.
3. It would not be fair to raise superannuates' pensions without doing something for those 1,500,000 persons who never held a government job or paid into a pension fund.

Mr. Buckler said the statement that there are no funds in the superannuation account is "a half truth."

"The government forgot to tell that they had borrowed all civil servants' superannuation funds and spent every cent of it."

The auditor-general's report shows there is a credit balance of about \$2,500,000,000 in the fund.

Half that amount or \$1,250,000,000 belongs to the civil servants and retired civil servants of Canada."

Interest on the superannuation fund is over \$100,000,000 a year or "nearly twice the total cost of paying pensions."

Mr. Buckler said the government has tried to create the impression that if superannuation pensions were raised, it would place a burden on the taxpayers.

"The civil servants are today paying all pensions costs themselves. The government is not paying a dime towards superannuation pensions."

The government was supposed to contribute dollar for dollar with civil servants to the public service superannuation fund, but the Glasco report showed the government to be some \$602,000,000 in arrears with their matching contributions, Mr. Buckler said.

Tory Leadership Test May Hinge On Ontario

OTTAWA (CP)—The drive for a national leadership convention of the Progressive Conservative party may depend on next month's annual meeting of Ontario Conservatives.

Backers of the leadership campaign feel the Ontario meeting will be crucial. If the Ontario wing, or a major part of it, supports President Dalton Camp's call for a leadership convention, they expect it will carry at the party's annual national meeting here Nov. 13-16.

Opposition leader Diefenbaker, fighting for his leadership for the fourth time in four years, plans to attend the Ontario meeting.

His date to attend was made before Mr. Camp publicly raised the leadership issue but it is safe to say he recognizes that the Ontario Tories could be the deciding factor at the national meeting.

Delegates to the Ontario association meeting Oct. 30-Nov. 1 in Toronto are expected to have a lot on their minds. It may be their last annual meeting before a provincial general election and this may play a part in their attitude to the national meeting and the leadership question.

Toast Of Roaring Twenties Dies After Bout With Cancer

NEW YORK (AP)—Helen Kane, 64, the hoop-boop-a-doop girl of the roaring '20s, died Monday after a 10-year bout with cancer.

By one of those tricks of fate and show business, the 1950 movie Three Little Words in which she was heard singing her most famous song—Wanna Be Love by You—was televised in New York just a few hours before Miss Kane died.

She inserted "hoop-boop-a-doop" in most songs she sang during her stage and movie career, which was at its height in the '20s and early '30s. But she never knew why.

Wherever it came from, hoop-boop-a-doop took Helen Kane to Hollywood, where she starred in nine movies and moved into the \$8,000-a-week class.

"Money was falling off trees," she said some years after retiring in 1935. "I once got \$5,000 at one of those big society parties just to sing four or five choruses of Button Up Your Overcoat."

When cancer struck 10 years ago, Miss Kane was trying for a comeback. Even after four operations she insisted she wanted to keep going "until they wheel me off."

Small Girl Seriously Injured

Four-year-old Gloria Palmer, daughter of Mr. and Mrs. Clifford Palmer of Dunstaffnage suffered severe head injuries yesterday afternoon when struck by a car at the Bedford Corner beside the Rocket Restaurant which is operated by her parents.

The child was rushed to the P.E.I. Hospital by an ambulance from the Cutcliffe Funeral Home where she was treated by Dr. K. Ross Parker. She is reported to be unconscious and in serious condition.

African Nations Seeking United Rhodesian Front

OTTAWA (CP)—African countries are expected to form a united front to push for Commonwealth parliamentary conference action on Rhodesia.

A. E. Kaombwe, a Tanzanian delegate, says six African delegations will meet before the formal start of the conference Wednesday to discuss what the association can do about toppling the government of Ian Smith.

Personally, Mr. Kaombwe said in an interview Monday, he wants majority rule in Rhodesia—not 10 years hence but now. The Negroes in Rhodesia form the majority of the population, about 4,000,000 to 200,000 whites.

Despite economic sanctions against it, the Smith regime, which unilaterally declared its independence last year, has remained firmly in power.

The militant African attitude here threatens to produce a repeat performance of the Commonwealth prime ministers' conference earlier this month in London. African demands for stern measures against Rhodesia dominated that affair.

BRITAIN AGREES

Britain finally agreed to seek United Nations anti-Rhodesia economic sanctions if a lawful regime had not been established by the end of the year.

In their move towards Rhodesian action, the African states will be hampered by the absence of three CPA members.

Ghana and Nigeria, because of military coups, are persona non grata until their parliamentary systems are re-activated.

Zambia, Rhodesia's neighbor, has not been represented yet and officials here doubt it will.

At last year's CPA conference, the CPA broke with tradition in producing a resolution to suspend Rhodesia. The practice had been not to pass resolutions but just to talk things over.

Informants indicated there already is a move afoot to prevent any similar resolution this time on the grounds it would be a departure from the CPA role.

This attitude has led some to conclude that the Rhodesian question could bring a nasty procedural wrangle.

giant British Motor Corp. warned that unless quickly settled it could bring thousands of layoffs at the corporation's main assembly lines and subsidiary firms.

The strikers—backed by Union Chief Frank Cousins, until recently a member of Wilson's cabinet—are protesting dismissal notices issued to 333 men following a decline in car sales. They demand the men be put on half time until sales pick up, drawing full pay one week and unemployment pay the next.

This work-sharing is in conflict with government policy, which by selective taxation and credit control is aimed at forcing men out of consumer and service industry into production for heavy exports.

First effects of this policy, (Continued on page 2, col. 9)

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