



FIRE BREAKS OUT IN OLD BUILDING

City firemen are seen working a hose up an aerial ladder at the old Sacred Heart Home during last night's battle with a stubborn smouldering fire. The alarm was turned in about 8:45. A pile of debris seen in the foreground prevented the ladder truck from getting in close. Firemen were on the scene for about an hour. The building is in the process of being demolished.

Ottawa's Budgetary Deficit Has Decline For Nine Months

OTTAWA (CP)—The government's budgetary deficit for the first nine months of the current fiscal year—in Dec. 31—was \$100,800,000, compared with the \$250,800,000 at the same point last year, Finance Minister Nowlan reported Friday night.

COSTLY STRIKE ENDS

December revenues from income and corporate taxes were down slightly from a year earlier but there were marked gains in collections from increases in transport and health department spending and higher debt charges. Revenues in December were \$71,000,000 and expenditures amounted to \$66,500,000, leaving a surplus of \$4,500,000.

The settlement terms were drawn by a special mediation board appointed by President Kennedy. The strike was the longest and costliest Atlantic and Gulf Coast tie-up in history. Estimates of the losses caused by the strike run to more than \$75,000,000.

The settlement for a formal withdrawal of pickets as of 3 p.m. Friday in ports from Maine to Texas. The settlement was drawn by a special mediation board appointed by President Kennedy. The strike was the longest and costliest Atlantic and Gulf Coast tie-up in history. Estimates of the losses caused by the strike run to more than \$75,000,000.

Paris (Reuters)—French leaders are studying a deal face-saving agreement to prevent a breakdown in the Brussels talks on Britain's entry into the European Common Market, it was learned Friday.

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Hints For Scorping Clear

Davie Fulton Is Elected B.C. Leader Of PC Party

VANCOUVER (CP)—E. Davie Fulton, a political veteran at 46, stepped into the British Columbia political arena Friday. He was unopposed for the leadership of the provincial Progressive Conservative party when nominations closed at noon, the second day of the party's annual meeting and leadership convention.

In taking the leadership Mr. Fulton will leave his \$27,500-a-year job as federal works minister. He said he will resume his law practice and will seek the first opportunity to gain a seat in the B.C. legislature either in Kamloops, Victoria or Salmon Arm.

A voluntary pre-paid medical plan for British Columbians, a larger provincial share of education costs and immediate action on Columbia River power development were offered provincial voters Thursday in a new Progressive Conservative party platform.

The new policy, designed to pull the party out of political doldrums, was disclosed at the opening of a three-day annual meeting and leadership convention. The meeting will go through Saturday.

The new policy is being referred to among delegates as the "Fulton plan." Mr. Fulton is known to have conferred with the party's policy committee, a monthly statement of government revenues and expenditures resulted in a surplus of \$4,500,000, compared with a \$45,000,000 surplus in the same month of 1961.

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Conventional Force Is Given Emphasis

By DAVE McINTOSH
OTTAWA (CP)—Prime Minister Diefenbaker Friday posed the possibility of a reaping of \$700,000,000 worth of Canadian defence equipment designed as nuclear carriers.

"More nuclear arms will add nothing materially to our defence," the prime minister said at one point in a Commons speech. Greater emphasis must be placed on conventional forces.

At the same time, he disclosed that Canada has been negotiating with the U.S. for two to three months or more on making nuclear warheads available to Canadian forces in case they are needed.

The purpose was to make nuclear weapons "readily available" should the need arise pending clarification of Canada's role in the NATO alliance.

He was reacting to a question Leader Pearson who said the government has committed itself to this pledge must be honored until it is changed.

Mr. Diefenbaker said Pearson's statement was "part and parcel" of the federal Liberal policy of "downgrading the country nationally and internationally."

TO OBTAIN CLARIFICATION
Earlier in his statement, Mr. Diefenbaker had said clarifica-

tion of Canada's role in NATO will be obtained at the May meeting here of the NATO ministerial council.

Training of Canadian troops in the use of nuclear weapons systems will continue, the prime minister said.

Canada's position would be determined in recognition of its own interests and those of its allies, and in the light of "changing circumstances" respecting disarmament.

Mr. Diefenbaker termed the "Soviet Premier Khrushchev's acceptance of the principle of on-site inspection."

Mr. Diefenbaker's disclosure that negotiations with the U.S. were taking place came after his declaration in a radio address that more nuclear arms "will add nothing materially" to Western defence.

Greater and greater emphasis must be placed on conventional forces, he said. He did not immediately elaborate on these statements but said that negotiations with the U.S. were taking place.

Referring to "the new concept" of nuclear arms, Mr. Diefenbaker said this calls for a Polish missile delivered from submarine.

The day is past when missiles (Continued on page 2 col. 3)

Government House Leader Gordon Churchill demanded that Mr. Byrnes withdraw his remark. He called it unacceptable.

After twice being rebuffed by Deputy Speaker Gordon Chown, Mr. Byrnes finally withdrew.

Mr. Mandziuk, a Ukrainian Canadian, in his speech accused Mr. Diefenbaker as a "freedom fighter" for the rights of oppressed peoples in Eastern Europe.

Mr. Diefenbaker said he was in a fit all right, he said.

Caouette Declares SC Opposed To Nuclear Arms

OTTAWA (CP)—Neel Campbell, deputy Social Credit leader, said Friday his group is absolutely opposed to the acceptance of nuclear weapons by Canada.

"We are opposed to the use of nuclear weapons," he told the House of Commons in a debate on defence policy and external affairs Friday in a close, 20-19 vote.

"Social Credit is officially opposed to nuclear weapons," he said in French, Mr. Campbell said.

Caouette said Canada should work for peace and set an example for other middle powers by sponsoring more foreign aid programs and less on armaments.

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