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FINDING ITS WAY—

Rearmament Costs Shading Britain's Economic Advance

By ALAN HARVEY
Canadian Press Staff Writer

LONDON (CP)—Britain in 1950 began to pay as a trading country, but rising raw-materials and a full-blooded rearmament program had little relief from austerity.

Technically, an increasing cost of living became a concern.

In the first six months of the year, the country's economic picture changed radically and almost without noticing it, "boom" became "crisis" in talk of external economic position. From January to June, the area's gold and dollars fell so low the previous year's level was reached. Britain's pound sterling—\$2,000,000 (\$786,000,000 at rate of exchange)—itself accounted for 60,000 of the increase. The pound was provided by Marshall aid and increasing sales to the dollar.

These commodities, however, prompt-ists to warn that the might be only temporary. Production in Britain fell 10 per cent and the pound seemed ready to reap the fruits of post-war efforts.

REARM
The decision to try to halt the rearmament in the free countries, the rearmament of strategic commodities principally by the states, sent prices soaring. Britain decided that rearmament and the dollar-export must share priority. There were many difficulties at the year's end, some of which were complained they could not obtain materials for rearmament because of the war production. Divergence of power posed similar problems.

Use in gold and dollar led to the announcement December 14, that Marshall aid to Britain will be suspended January 1 instead of January 1951. If Britain's pound should take a turn for the worse, however, it may be suspended.

London of the new Chancellor, the Exchequer, Hugh C. Gaitskell replaced Sir Cripps, who resigned for reasons.

Improved balance-of-payments position also brought demand from Canada for more dollar purchases there. The contracts announced in the indicated a change in the policy of slashing dollar imbalances in 1948 and when the payments crisis was at its peak. But official discouraged speculation in sterling revaluation and convertibility might be at the individual consumer.

started brightly. The stalemate produced by the general election was broken by a number of new

freedoms. Gasoline, soap, canned meats, biscuits and other groceries came off the ration. The points system of rationing was abolished. Restaurants were allowed to remove the five-shilling (about 75 cents) limit on meals. The range of tax-free "utility" clothing and furniture was improved and extended.

DARKER PICTURE
But the picture darkened in the closing months of 1950. Food Minister Maurice Webb, who last spring and summer spoke of improving the country's food situation, noted that since then he had been confronted with demands for higher prices from practically all Britain's suppliers. There were strong hints that some of the controls removed early in the year, particularly those on fish, might be restored. The official cost-of-living index rose by two points. Reduced spending was reported on luxury items.

Housing ranked as the No. 2 domestic worry. The Conservatives promised if elected to set a target of 300,000 houses a year, but the Labor government stuck to its figure of 200,000. Modernization and extension of industrial plants proceeded according to plan, despite record exports and growing defence needs. The nationalized collieries, gas and electricity industries embarked on ambitious long-term plans of development; but in the early winter months a threatened coal shortage forced Britain—once the world's greatest coal-exporting country—to announce coal would be imported from the United States.

The nationalization of the iron and steel industry became assured in 1950 but will not take effect until 1951. Among privately-owned industries, the chemicals trade published plans for a 70-per-cent increase in output capacity within five years. Socialist plans to nationalize such further industries as insurance, sugar, minerals and cement apparently have been shelved.

Government-sponsored "wage freeze," which served to curb wage increases during its three years of operation, was finally abandoned after months of pressure, and adjustments took place in several industries. The policy of divided limitation, never legally binding, was less rigidly in force.



Wednesday, December 20, 1950
High 10:35 19.6 feet
23:41 16.7 feet
Low 4:19 9.6 feet
17:23 5.6 feet

HOLIDAY CALENDAR

CIVIC CENTRE

Friday, 7 p.m. Walt Disney Movies - Free
Saturday, Dec. 20 Carroll College Basketball
Sunday, Dec. 21 Alaska Music Trail
Monday, Dec. 22 Kinsmen Christmas Tree
Tuesday, Dec. 27 Carroll College Basketball
Wednesday, Dec. 28 Carroll College vs High School

See Sports Page and Back Page for Details re
Music Trail and Carroll College Series

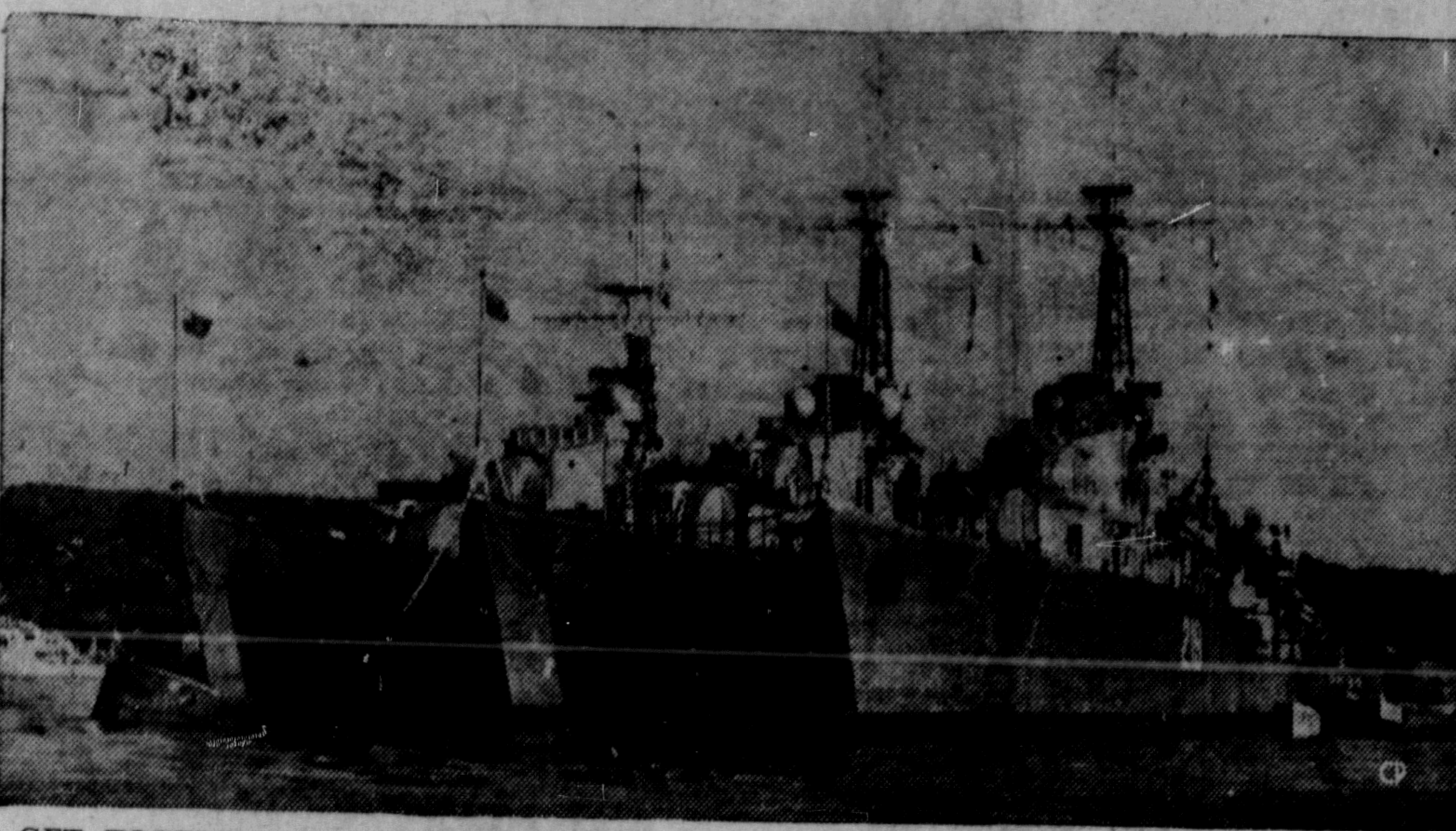
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Civic Centre Membership
To Express Your ...
Merry Christmas

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GIFT
WRAPPING



GET TOGETHER—The three Canadian destroyers serving with the United Nations naval forces in Korean waters are shown moored alongside a U.N. naval base. This Navy photo shows, left to right, the Sioux, Cayuga and Athabaskan. (CP PHOTO)

N.A. Conference Approves Force

BRUSSELS (CP)—North Atlantic conference officials said today plans for an international force to ward off the threat of Russian aggression call for an air-sea-ground force of 1,000,000 men by 1953.

Reuters News Agency reported it learned the defence ministers have approved the appointment of a United States supreme commander for the pact forces. Reuters said they also approved the plan for German participation in Atlantic defence.

Canadians In Korea

PUSAN, Korea (CP)—Grim-faced Canadian fighting men landed in Korea early today. There was little ceremony as the men of the Second Battalion, Princess Patricia's Canadian Light Infantry, marched down the gang plank of their troopship and lined up for the first time on Korean soil.

Gone, for the moment, was the lightheartedness that carried the 1000-odd man battalion through 24 days of crowded living conditions in the converted freighter. Question uppermost in the minds of the youthful Canadians, looking for the first time upon this cold, desolate South Korean port, was "When do we go?"

It was problematical whether even Gen. Douglas MacArthur could answer that question yet as to when the regiment would join other United Nations forces now engaged about 300 miles to the north of this port.

The Princess Patricia's are now combat trained but require further field training.

USS Embassy Using 'Scabs'

To Install Fire Hose In Washington

WASHINGTON, D.C. (CP)—James B. Carey, president of the C.I.O. electrical workers, said tonight that the Soviet embassy has used non-union plumbers to install fire hose "presumably as a defence precaution against possible bombing of Washington."

Carey said the Soviet embassy had been employing "scab" labor in alteration work. He said this indicated Russia is "no friend of organized labor."

AIR PASSENGERS

To Vancouver (today) — Miss I. Rogers, Guy Harvey, Les Mathews, J. R. Wilson, D. Hunter, Miss M. Barclay, A. V. Cassette, M. Grant, A. A. Sangster, W. G. Riddell, J. Jorgensen, R. Hunsstone, Miss L. K. How, R. Young, M. R. Waring, Mr. Van Herhous, W. M. Caron.
To Sandspit (today) — M. Corbin.
To Masset (today) — B. Wylie, Mr. Stevens.

General Eisenhower To Head Army of Atlantic Alliance

BRUSSELS (CP)—Twelve Atlantic alliance nations announced today that General Dwight D. Eisenhower will begin early in 1951 to organize an international army to keep peace in Europe.

A communique issued at the end of a two-day conference said that Atlantic Pact chiefs also agreed

on plans for German participation in an "integrated force under centralized command."

The 12 nations, including Canada, earlier had approved the appointment of General Eisenhower as supreme commander for the international force.

In Washington President Truman said that additional American armed forces will be sent to Europe as soon as possible to join combined forces under Eisenhower's command.

At Brussels, Canadian Minister of National Defence Brooke Claxton said that Canada would probably send a division of 10,000 men to a Western European army, subject, of course, to approval of Parliament.

Flash

WILL DEFEND CAPITAL
PYONGYANG—A North Korean spokesman said today that the North Korean Army intends to invade South Korea, seize the capital of Seoul and drive the United Nations forces into the sea. In Seoul, the South Koreans are preparing to defend the capital.

It was reported today that all men between 17 and 40, not already under arms, will be called up.

FUR STORES ROBBED
VANCOUVER—Three Granville Street fur stores were robbed this morning of furs valued at \$10,000 or more.

STORES OPEN WEDNESDAY
VANCOUVER — Vancouver stores, including the large department stores, will be open this Wednesday, foregoing the usual weekly holiday. Many other stores will be open Thursday and Friday evenings.

DEFENDS ACHESON
WASHINGTON — President Truman again today rejected a Republican party demand that Secretary of State Acheson be dismissed. If he yielded to such a request, the Communists and not United States would benefit, said Truman.

Reds Are Pressing

Allies in Korea
Giving Ground
With Backs to Sea

TOKYO (CP)—Allied naval, air and ground forces slammed tons of steel today at Chinese and Korean Communists pressing down on the slim Hungnam beachhead in northeast Korea. The Allies are slowly giving ground with their backs to the sea.

A delayed field dispatch said the United States air force had abandoned Yonpo air field, Hungnam's major airport, Sunday. The dispatch had been withheld for security reasons.

Dealings Cut Off

Communist China Suspends Transactions in U.S.-Canadian Currency

HONG KONG (CP)—Communist China today was reported to have suspended all transactions in currencies of the United States, Canada and the Philippines.

The action, reported in a special dispatch to the pro-Communist Hong Kong newspaper Ta Kung Pao, was seen as a move toward severance of economic relations with the three countries.

(Last week Canada suspended exports to Communist China.)

Young McBride Man Is Killed

MCBRIDE (CP)—Thomas W. McLeod, aged 25, was killed in this central interior town yesterday when the tractor he was operating turned over an icy hill and trapped him underneath.

THE WEATHER

Synopsis

A small storm centre off the Washington coast is moving slowly northward and another storm centre 900 miles west of Vancouver Island is moving slowly eastward. Wet weather is in prospect for the coastal regions of British Columbia for today and tomorrow.

It has turned cold in the northern British Columbia region but the cold air is not expected to move much southward in the next two days. The central and southern interior sections of the province will have mild cloudy weather with some snow and rain.

Forecast

North coast region — Cloudy today and rain tonight and tomorrow over the northern section. Rain today and tomorrow over the remainder of the region. Little change in temperature. Winds — southeasterly, 20 miles per hour. Lows tonight and highs tomorrow — At Port Hardy, 42 and 50; Sandspit and Prince Rupert, 40 and 45.

Railway Workers Win Out On Wage Decision; More Pay, Lesser Work Hours

31 Die In Plane Crash In Andes

CARACAS, Venezuela (CP)—An Andes Mountain air crash killed 31 persons, including 27 students enroute from Merida to Caracas for the Christmas holidays, the defence ministry announced on Sunday. The students' ages ranged from 9 to 18 years.

The plane, belonging to Avensa Airline, crashed Friday atop El Palmar Mountain, near Merida, and burned.

Plane Lost On Coast

United States Bomber, With 11 Aboard, Disappears in Pacific

SEATTLE (CP)—American and Canadian sea and aircraft joined today in a wide North Pacific search for a United States Navy Neptune patrol bomber and its crew of eleven. The plane has been missing since last night 400 miles off Washington State after taking off from its base at Whidbey Island.

Two Royal Canadian Air Force planes—a Canso and a Dakota—returned to base today on account of weather while a second Canso was still out.

Two Firms Comply With Price Order

DETROIT (CP)—Two of the "Big Three" motor firms said yesterday they would comply with the government order of rolling back car prices to the December 1 level, even though they thought it unfair.

Ford and General Motors fell in line under protest. Chrysler declined to comment on the order issued Saturday by the Economic Stabilization Agency. Nash, the only independent affected by the order, announced compliance.

Forty-Hour Work Week To Be Effective From June 1 Next

OTTAWA (CP)—Mr. Justice R. L. Kellock, government arbitrator in the railway wage dispute, toward awarded a further three cents an hour increase to most of the rail workers who went on strike last August. The arbitrator also decided the five-day, 40-hour work week with pay unchanged from the present 48-hour week will go into effect June 1 next.

The award gives 122,000 employees a total increase of seven cents an hour. They received four cents through the federal legislation that ended the nine-day strike. The four-cent increase went into effect last September 1. The new boost is retroactive to that date.

The effective date for the 40-hour week is the date sought by the unions in their last negotiations with the companies last summer.

While the unions gained these two major points, the arbitrator rejected their claim that a group of about 2700 employees in the railway hotel and water transport departments be given the same treatment as the larger group. The smaller group received the statutory four-cent increase September 1 and Mr. Justice Kellock gave them no more than that.

He ordered a one-year contract for hotel and water transport employees and two-year contracts for the others, who consist of non-operating employees—that is, those who do not actually operate the trains.

The railways have estimated the cost of implementing the 40-hour week and seven-cent increase would be \$110,000,000 a year on the assumption they would be passed on to their employees generally.

Cutting out the hotel and water transport employees would still leave this at more than \$100,000,000.

The railways have indicated they will seek immediately freight rate increases as a result of the additional expenditure.

The arbitrator, a Supreme Court justice who was appointed in October to write the final terms of settlement under the

August legislation, did not deal with the demand of check-off of union dues made by two of the 15 unions in the dispute.

This had been sought by the Canadian Brotherhood of Railway Employees and the Brotherhood of Express Employees, which have a total of 34,000 members and were the only two all-Canadian unions involved. The others were international bodies.

In connection with the 40-hour week, the arbitrator ruled there should be no overtime pay rates up to 48 hours a week for the first three months after June 1, 1951. This was in line with the latest offer of the unions in the negotiations.

The companies had agreed to a 40-hour week but only to start next September 1.

Their final offer on wages had been a four-cents-an-hour increase effective last September 1.

MEN GET MORE

Thus, the arbitrator gave the men about what the company offered, roughly \$17,600,000 a year in hourly pay plus the cost of the 40-hour week between next June 1 and September 1.

Justice Kellock based the wage increase award largely on increased living costs and on a comparison between wage positions of railway workers and those in other Canadian industries.

He said railway workers had been in a disadvantageous position as against workers in durable goods industries, both as to hourly wages and hours of work.

Without the rail wage increase, he said, the probability was that this position would become "increasingly disadvantageous."

By next June 1, he said, railway workers under his award would be earning on an average \$12.9 an hour for 40 hours a week, or \$51.72 a week. Durable goods workers would be making \$51 at \$12.00 an hour for 42 hours.

While the rail employees would be earning slightly more per week for less work, the justice said, he noted the paths of the two groups in the past had crossed and recrossed.

While the full seven-cent award would apparently put the rail worker in a more advantageous position than had been the case in recent years as against the durable goods employees, the tendency will be for this advantage to be overtaken during the unexpired term of the (rail) contracts.

RUNNING TRADES NOW

In making the award to non-operating employees, Justice Kellock observed that he understands it will inevitably influence the settlement in connection with the claims of 31,000 operating employees—those who run the trains. These employees have been engaged in separate negotiations with the railways for several months, with talks suspended during Justice Kellock's inquiry. It was understood discussions were to start up again once his report was filed.

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Over 20 lbs. Lb. 58¢
GRADE C Lb. 48¢

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(296)

Prince Rupert Retail Merchants Ass'n.

BASKETBALL TONIGHT

6:45 Junior; 7:30 Intermediate
8:45 G & A vs Co-OP