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OF A
MERE MAN

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Dunning Budgets For Still More Taxes

Army Encounters Obstacles Enroute To Addis Ababa

Retreating Ethiopians Leave Roads In Almost Impassable Condition—Celebrations Start Throughout Italy.

(A. P. By Guardian's Special Wire)
ROME, May 1.—While unexpected difficulties retarded the Italian army's descent upon Addis Ababa, pent-up fascist eagerness to celebrate the war's climax tonight burst its bounds.

The conviction that a dramatic climax of the war had arrived was particularly widespread in northern Italy. In Turin, Milan and Genoa shops were closed, flags were raised from every staff and spontaneous celebrations were conducted by crowds gathered in the streets.

Authoritative sources strove to check the advance celebrations, suggesting it might be "seven or eight days" before Marshal Pietro Badoglio's columns enter the capital of Emperor Haile Selassie.

Meanwhile, in Ethiopia, Badoglio's men encountered unexpected obstacles as they sweated and strained to produce the occasion the home population anticipated. As a motorized column approached Addis Ababa its progress was retarded by great holes blazed in the road by the retreating Ethiopians.

BUDGET FALLS FAR SHORT OF BEING BALANCED

\$100,000,000 "Over-all Deficit" Anticipated By Finance Minister.

(C. P. By Guardian's Special Wire)
OTTAWA, May 1.—Finance Minister Dunning today brought down in a packed House of Commons his second budget, exactly six years after he presented his first.

It was a different kind of budget from Mr. Dunning's first one. Six years of hard times lay between them, and the Minister presented a depression balance sheet in contrast to one produced in the comparatively opulent times of 1930.

Crowds converged on the Parliament Hill an hour before the House opened. They included industrialists, financiers, bankers, big businessmen wanting to know how they would be treated and right down the scale to men who haven't had a job in years—men who deal in millions and men who rattle coppers in their pockets.

Drawn as if by a magnet, members were in their seats early with an air of subdued excitement about them. The coolest man in the House seemed to be the Finance Minister who has been going without sleep for days.

Not in recent years has there been a budget presented with less advance speculation of foreign nations occupied special seats in the galleries with the American and British ministers particularly on their toes to learn how their countries would be affected.

The House assembled at 3 p. m. The galleries were jammed.

Four provincial premiers were in the audience: Premier Hepburn of Ontario, Premier Bracken of Manitoba, Premier Patterson of Saskatchewan and Premier Pattullo of British Columbia.

Dr. Robertson Leaves Hospital

(C. P. By Guardian's Special Wire)
HALIFAX, May 1.—Dr. D. E. Robertson of Toronto, rapidly recovering from the effects of imprisonment in the Moose River gold mine, left hospital here today and moved to a hotel, under the care of a nurse, Alfred Schadding, his companion for 10 days underground, remained in hospital for further treatment of "trench feet."

ALVIN KARPIS SURRENDERS TO FEDERAL MEN

(By Ed Desobry)
(Associated Press Staff Writer)
(A. P. By Guardian's Special Wire)
NEW YORK, May 1.—Notorious Alvin Karpis, public enemy no. one of the United States, was captured tonight at the entrance of a downtown apartment building without the firing of a shot.

The Montreal-born Lithuanian—his right name was Raymond Karpavicz—and two companions were surrounded by a heavily-armed squad of between 15 and 20 officers led by J. Edgar Hoover, chief of the Federal Bureau of Investigation.

Hopelessly outnumbered the three made no more to escape or reach for guns.

Karpis, under indictment in the kidnaping of William A. Hamm, Jr., wealthy St. Paul, Minn., brewer, and Edward George Bremer, also of St. Paul, was taken into custody along with Fred Hunter, 37, suspect in the \$34,000 Garrettsville, Ohio, mail robbery, and a woman who name was not revealed.

The three were captured as they emerged from a canal street apartment building.

"The first in an apartment on the first floor of the building and were leaving the house to enter an automobile when the agents surrounded them," Hoover said.

"The agents called upon them to surrender and they were taken without the firing of a shot."

The arrests climaxed three years' search, from coast to coast and even to Cuba, for Karpis. The coup was effected so smoothly and quietly that only persons nearby were aware of the federal agents' latest success.

Witnesses said that when the three left the house, agents armed with sawed-off shotguns and other weapons stepped to the sidewalk and crisply commanded them to surrender. When the desperadoes made no more they were grabbed and rushed from the scene.

COUNTERVAILING DUTIES ON EGGS, POTATOES

Potato Tariff Revision Made Necessary By U. S. Trade Agreement.

The reason for reverting to the countervailing duties first imposed in his last budget in 1930 on cut flowers, potatoes and eggs was thus explained by Finance Minister Dunning in his Budget speech:

"The late administration in wiping out in Sept., 1930, the countervailing provisions of the May budget did not provide, under the intermediate tariff, a duty in line with the general tariff on eggs and failed to provide any duty whatsoever on potatoes or cut flowers."

"The weakness of Canada's bargaining position in respect of these commodities became speedily apparent in the Washington negotiations," said Mr. Dunning. "So much so that this government declined to bind these items at the existing intermediate rate, thus giving clear indication that it might, at the first opportunity, see fit to recommend to Parliament a revision of these ratings."

"In so recommending today, may I make clear that our attitude continues to be that of 1930; we do not desire or intend to raise tariffs; we do by the countervailing duties invite other countries to bring their tariffs down to the level of ours . . ."

"Regarding today's tariff proposals, may I say that these are formulated on the principle that the most enduring kind of progress is orderly progress—and that ap-

Tax Levies Increased By \$29,000,000 Under King Government Budget

Sales Tax Boosted To 8 Per Cent; Corporation And Consolidated Income Taxes Also Increased.

"Lower Tariffs, Higher Taxes" Is Keynote Of May Day Budget.

(C. P. By Guardian's Special Wire)
OTTAWA, May 1.—Increasing the sales tax from six to eight per cent, corporation income taxes from 13½ to 15 per cent, and 17 per cent on consolidated income tax returns, to produce estimated increased revenue of \$29,000,000, Finance Minister Dunning in his Budget speech today forecast a total deficit in the current fiscal year of "less than \$100,000,000."

Excise taxes on automobiles are replaced by a flat rate levy of five per cent, regardless of content, of value in excess of \$650 but the tax per automobile may not exceed \$250. All automobiles are made dutiable when imported from United States or other intermediate tariff country at a flat rate of 17½ per cent, this replacing the present duty of 17½, 22½ and 30 per cent according to value.

Duty on farm implements from the United States is reduced from 12½ per cent to 7½ per cent. Before the Canada-United States agreement came into operation Jan. 1 the duty was 25 per cent. It was then cut to 12½ per cent and the new rate of 7½ per cent becomes effective May 2.

The duty on gasoline is reduced to one cent per gallon from the 2½ cents in effect immediately prior to presentation of the budget.

The budget provides that tourists returning from abroad may bring home, free of tax, personal goods up to \$100 in value, providing they have been 48 hours or more absent from Canada and that such exemption shall be given not more often than one in each four month period.

Reduction is made in respect to 104 items of the customs schedule and there are increases in respect to 12 items.

up to \$1,000 annually to any one person will be exempt from tax.

Investment holding companies wholly owned by non-residents will be taxed at one-half the ordinary corporation rate. The dividends of these companies in future shall be exempt from the five per cent tax on dividends going to non-residents.

It is estimated the above changes will produce \$6,000,000 additional revenue.

The rate of sales tax is increased from six per cent to eight per cent. The following are added to the schedule of exemptions: Certain materials consumed in the process of manufacture commonly known as "consumable materials" but not including lubricating or fuel oils or plant equipment; printing paper and ink used in magazines and periodicals; crushed stone and crushed gravel used in the building or maintenance of provincial county and township roads; liver extract for use in treatment of anaemia; educational films; hand-made drawings and designs for use in a number of manufacturing industries.

These changes are estimated to produce \$23,000,000 additional revenue.

TARIFF CHANGES EFFECTIVE AS FROM MAY 2

(C. P. By Guardian's Special Wire)
OTTAWA, May 1.—All changes in the customs tariff, schedule announced in today's budget become effective as from May 2, 1936, and apply to goods imported or taken out of warehouse for consumption on and after that date and to goods previously imported for which no entry for consumption had been made before May 2.

The same applies to the excise act and special war revenue act changes. Changes in the taxation regulations under the special income war tax act will become effective as from Jan. 1.

What They Mean

(C. P. By Guardian's Special Wire)
OTTAWA, May 1.—Following is an explanation of the headings, "general," "intermediate," and "preferential," in the Canadian customs tariff:

The general tariff rates are those applied to goods originating in countries which have no trading arrangement with Canada and are the highest rates. Intermediate rates are accorded countries under trading agreements and are accorded countries with which Canada has "most favored nation treaties," of which there are now about 26. The British preferential rates are those accorded British countries under agreements, latest of which were signed at the Ottawa Imperial Economic Conference in 1932.

COMING EVENTS

- **Will be collecting eggs for season beginning May 4th. E. Livingstone. L-4411-5-2-41.
- **Concert, Dance, Pic Social in Whim Road Hall, Tuesday, May 5th. L-4410-5-2-11.
- **Rummage sale, St. James Hall, Saturday, May 2nd, 6:30 p.m. L-4389.
- **Concert and Minstrel Show in Tyrone Hall, May 5th. L-4167-5-2-21.
- **Wo-He-Lo Cake Sale Saturday, May 9th at Moore & McLeod's. L-4287.
- **Don't bake for Sunday, remember C. W. L. Pantry Sale Moore & McLeod's Saturday, May 2nd. L-4299-5-2-11.
- **Remember Protestant Orphanage cake sale at Rogers Hardware today. L-4424.
- **Dance in Emerald Hall Monday, May 4th. Music by George Chappell and Orchestra. L-4400-5-2-4.
- **The Clyde River B. M. B. will present their Pageant and Concert, Sunday evening, May 3rd, 8 o'clock. Silver collection. L-4261-4-30-5-2.
- **Come and enjoy yourself at the 3 one-act plays in Tryone Hall, Tuesday, May 5th. L-4413-5-2-11.
- **Rummage Sale Saturday May 2nd at 6 P. M. Trinity Social Hall. L-4371-5-1-21.
- **Dance Lorne Valley Hall Wednesday May 6th. Webster's music. Admission 25c. L-4370-5-1-31.
- **Four Act Play "Happy Valley" Grand View Hall, Monday, May 4th. Admission 25c and 10c. Specialties between acts. L-4403-5-2-11.
- **C. W. L. Entertainment and Dance Webster's Corner Hall, Monday evening, May 4th. Orchestra music. L-4402-5-2-11.
- **Civil Service Examinations. Special course by mail. Specimen examinations. Write Prin. Moran, Union Commercial College. L-4401-5-2-11.
- **Mr. Gordon Chohan has purchased the Mill Property at Clyde River and will be open for business six days a week starting May 2nd. L-4407-5-2-11.
- **For Canadian Northern Crown Clover Seed book your order with Roland Boston, Winace Station. Prices right. Quality, the best obtainable. L-4374-5-1-31.
- **Buying live Hogs, Hunter River Tuesday, May 5th. Everett Neelam, Emerald and Alden Mease, Kenaston, buying Monday. Signed A. E. Wedlock. L-4376-5-1-21.

TREES FILLED

Trees had been felled across the way and great avalanches of stone and dirt blasted from bordering mountains added to the difficulties. Engineering detachments called up to clear the road labored night and day, while eager troops fretted and fumed at the realization their advance was behind schedule.

Although an official communique placed the position of the main column yesterday 100 kilometres (62.5 miles) from the capital, newspapers had headlines: "Our troops are at the gates of Addis Ababa." An advance patrol is preceding the main column.

CAPITAL DESERTED

ADDIS ABABA, May 1.—Emperor Haile Selassie today ordered soldiers to the north to meet the invading Italians. The Negus called upon every able-bodied citizen to take up arms and join the regular troops tomorrow in a defence of the capital.

This army will be led by Ras Getachou, governor of Kaffa and Gofa provinces.

Emperor Haile Selassie told his soldiers to carry enough food to last them for five days. He asserted Ethiopia has only made a "strategic retreat" and the war is far from over.

This capital is virtually deserted except for a large force of police delegated to maintain order. Thousands of natives have fled and most foreigners have sought refuge in the various legations.

Reappearance of the ruler here disclosed that he has not shaved his beard (as Italian reports said).

EFFECT OF SANCTIONS

GENEVA, May 1.—That sanctions are continuing to hit Italy was shown tonight by new figures issued by the League of Nations.

Exports from Italy and Italian colonies fell in February, 1936 to \$6,737,106 from \$19,836,500 in February, 1935. Imports into Italy from 43 countries for the same period fell to \$10,757,200 from \$21,971,300.

WARNS BRITAIN

ROME, May 1.—A warning to Great Britain that "closing of the Suez Canal would lead to certain war" with Italy was sounded tonight by Virginio Gayda, editor of *Gioacine d'Italia*.

"This war, which Italy is trying

Impressive Deficit

OTTAWA, May 1.—In announcing tax changes and financial prospects for the present year in his budget speech today, Finance Minister Dunning said:

"I have already announced that the over-all deficit for the last fiscal year is estimated at \$162,191,000. The size of that deficit cannot fail to have impressed the House. Its seriousness is enhanced by the fact that it is but the latest in a series of deficits which have averaged over \$138,000,000 per year during the past six depression years.

"The magnitude of these deficits,

Sir Edward Beatty Re-elected President Of Boy Scouts Assn.

(C. P. By Guardian's Special Wire)
MONTREAL, May 1.—Sir Edward Beatty today was re-elected president of the Boy Scouts Association of Canada at the annual meeting here. Lord Tweedsmuir is the Chief Scout.

Among the provincial presidents and commissioners re-elected were J. J. Morris and J. O. Hyndman of Charlottetown; A. G. McAvilly and W. W. White of Saint John; W. C. Nickerson and W. E. Tibbs, Halifax.

AGRICULTURAL IMPLEMENT DUTIES CUT

Last Reduction Was Followed By Increased List Prices.

(C. P. By Guardian's Special Wire)
OTTAWA, May 1.—Beginning tomorrow Canadian duties on farm implements coming from the United States will be 7 1-2 per cent under provisions of the budget. The present rate is 12 1-2 per cent. It was reduced from 25 per cent by the Canada-United States trade treaty which came into effect Jan. 1.

ST. PETER'S MAN INJURED YESTERDAY

Mr. Angus McDonald, Mt. Hope farmer, was seriously injured yesterday when his clothing became entangled in the speeding fly-wheel of a gasoline engine while he was oiling it. McDonald was whirled around several times before the machine was brought to a stop.

McDonald was working at the farm of Mr. Murdoch McLeod, Upton, when the accident occurred. He was treated by St. Peter's physician who found he had suffered severe bruises but no bones were broken.

Call Tax Plan An "Outrage"

(A. P. By Guardian's Special Wire)
WASHINGTON, May 1.—Sportsmen for business laid down a barrage against the administration tax bill before the United States Senate financial committee today, while, backstage, the committee's experts sought means of raising \$337,000,000 additional revenue.

Witnesses representing the New York Board of Trade and the Philadelphia Chamber of Commerce condemned as "unsound and as an outrage" the administration plan for taxing corporations according to how much of their earnings were turned into surplus.

"High-Low" Budget Highlights

(C. P. By Guardian's Special Wire)
OTTAWA, May 1.—Finance Minister Dunning presented a high-low budget to Parliament today—high taxes and low tariffs.

Following are the highlights in the tax and tariff changes:

Deficit for the current fiscal year to be less than \$100,000,000 compared with \$162,000,000 in the last year.

Sales tax increased to eight per cent from six per cent and corporation income tax rate increased to 15 per cent to bring added revenue of \$29,000,000.

Three year exemption from corporation income tax of any metalliferous mine coming into production between now and Jan. 1, 1940.

Drop of 1½ cents a gallon in gasoline duty.

Automobiles are affected in two ways, tariffs and excise. Cars valued at \$650 or less will be free from excise but above that figure will be taxed five per cent on the value in excess of \$650 with no tax exceeding \$250. This impost applies to both Canadian-made and imported cars.

In addition, manufacturers are given a duty rebate on machinery and are exempted under certain conditions, from special tire taxes.

Materials used in manufacture of binding twine and fishing rope ex-

May Day Celebrated By Parades & Speech-making

(C. P. By Guardian's Special Wire)
Workers called for peace and condemned war in May Day celebrations yesterday characterized by parading and speech-making, but there was practically no violence.

The day passed quietly in Canada. At Toronto, Tom Mann, British Labor leader, Tim Buck, Communist, and James Simpson, vice-president of the Trades and Labor Congress of Canada, rode together in a parade that converged before the Ontario Legislative buildings for a mass meeting that ended abruptly when labor demonstrators battled with students carrying swastika banners. At Halifax demonstrators were locked out of the Labor Temple.

In London a force of 300 policemen watched thousands of workers march in Hyde Park carrying red banners.

Celebrations in United States centered in New York, where Communists and Socialists joined forces with trade unions and other organizations in a mass demonstration. Police estimated the number of persons in the parade considerably below the 200,000 promised.

In Germany, millions of Nazis rallied around May Poles and praised the country's change from strikes and riots before Hitler to a "workers' holiday." They enjoyed free beer and sausages at employers' expense.

BUDGET CHANGES

Following is an unofficial summary of the budget changes:

Income Tax: Corporation income tax is being increased from 13½ per cent to 15 per cent and on consolidated returns from 15 per cent to 17 per cent. No change is being made in the individual income tax schedule.

Provision is made to exempt from corporation income tax for a period of three years any metalliferous mine coming into production between now and 1940.

The rate of interest on unpaid instalments of income tax is reduced from six per cent to five per cent, with a reduction from four per cent to three per cent in the penalty rate.

Payment of the gift tax will in future be required annually instead of at the time of the gift. Also gifts

SALES TAX

The rate of sales tax is increased from six per cent to eight per cent. The following are added to the schedule of exemptions: Certain materials consumed in the process of manufacture commonly known as "consumable materials" but not including lubricating or fuel oils or plant equipment; printing paper and ink used in magazines and periodicals; crushed stone and crushed gravel used in the building or maintenance of provincial county and township roads; liver extract for use in treatment of anaemia; educational films; hand-made drawings and designs for use in a number of manufacturing industries.

These changes are estimated to produce \$23,000,000 additional revenue.

For further Budget particulars see pages 5 and 10.



(C. P. By Guardian's Special Wire)
TORONTO, May 1.—Minimum and maximum temperatures:

Dawson	30	50
Edmonton	2	26
Regina	42	70
Toronto	34	64
Ottawa	50	68
Montreal	38	72
Quebec	48	74
Saint John	42	72
Halifax	40	68
Charlottetown	46	62

Maritime West: Moderate winds; fair and mild; probably more unsettled by Sunday.

High tide this morning at 7:47 and tonight at 8:12.

Sun sets this evening at 7:06 and rises tomorrow morning at 4:46.

Full moon Wednesday, May 6, 11:01 a.m.

Summerside tide eighteen minutes later than Charlottetown.

THE CAR FERRY
Leave Borden 9:45 A. M. (Extra)
1 P. M.
Leave Summerside (Extra) 11 A. M.
2:55 P. M. Daily except Sunday.

Prowse Bros. Ltd., Anniversary Sale Continues All Day Saturday