



MUTT AND JEFF

Take your choice as to which one is the mutt. Really, they're both dogs which appeared at the 49th annual Regina Dog Show during the weekend. The big one is a Great Dane owned by Mr. and Mrs. Vince Jensen of Regina. The other is a Chihuahua owned by Mrs. Sandra Thallen of Unioville, Ont. (CP Wirephoto)

Business Records Are Made In First Quarter Of Year

By JAMES NELSON
OTTAWA (CP) — Canada achieved records in business activity during the first quarter of 1965 but economists are beginning to worry about the prospect for mid-year figures.

The bureau of statistics is expected to announce in about two weeks the total value of goods and services turned out in Canada in the first three months of the year. Virtually all signs point to gains.

But national output in the second quarter may show a somewhat slower rate of growth. It is too early to say with certainty, but two important economic indicators — unemployment generally, and construction industry activity — show signs of faltering, and may depress mid-year figures unless they recover.

The bureau issued six reports Wednesday, all pointing to new records for the early part of this year. These came on top of reports Monday and Tuesday which generally add up to a rosy economic picture for the present.

Unemployment during the first three months of this year was kept to between 5.6 and 5.9 per cent of the labor force. In the same months last year it ranged between 6.8 and seven per cent.

FEWER JOBLESS — The unemployment rate fell at mid-April to 5.3 per cent of the labor force, but the statisticians, adjusting the figure for seasonal trends, found the situation actually worsened. The seasonally-adjusted rate rose in April to 4.2 per cent, back to the level it was in January after dipping to 3.9 per cent in February and March.

The construction industry, an important contributor to current business activity and indicator of future trends, started the year with a 9.7-per-cent jump over January, 1964, in the value of new work for which municipal building permits were issued. But the housing segment of the industry was off three per cent.

During the first quarter of 1965 housing starts were at an annual rate of 158,000 units, compared with 162,800 in the same period of 1964. The rate slumped in the second quarter last year, after lapse of the winter house-building incentive bonus paid by the federal treasury. Recent increases in the maximum loans available under the National Housing Act may tend to offset another slump in the second quarter of this year.

EXPECT GNP RISE — The gross national product — sum total of all goods and services produced — ran to \$47,003,000,000, in 1964 and the government expects it to pass the \$50,000,000,000 mark this year.

The GNP in the United States rose 2.2 per cent during the first quarter of this year, would have to be at an annual rate of \$49,150,000,000, compared with the 1964 fourth-quarter rate of \$48,016,000,000 a year. First-quarter GNP usually accounts for about 22 per cent of a year's total.

The reports issued Wednesday by the statistics bureau pointed to both consumer and business confidence and activity.

Cheque-cashings, handled by 51 clearing houses in February, were valued at \$36,227,294,000 up 18.8 per cent from a year earlier.

CONSUMER CREDIT UP — Consumer and business credit outstanding was higher across the board, with a gain of 22 per cent alone in chartered bank personal loans.

Freight handled by Canadian ports, in both coastal and international trade, was up in

Collectors Of Income Tax Out To Catch 'Strippers'

By JAMES NELSON
OTTAWA (CP) — The federal tax collector is determined to catch the strippers.

The strippers, in this case, are those who try to avoid federal taxes by stripping companies of the money that should be paid out in taxable dividends.

It's a highly technical subject and one that revenue department officials aren't anxious to talk about too freely because of the legal complexities. As sure as they plug one loop-hole, those bent on tax avoidance will try to find another.

The department, in a statement prepared in response to enquiries by The Canadian Press, said it is true that there are "a number of taxpayers who have gone through a series of transactions for the purpose of extracting the surplus from corporations without paying dividends (which would be the ordinary course) and consequently avoiding a tax liability."

EXAMINE CASES — "The department has been examining some of these situations and has come to the conclusion that these taxpayers have not succeeded in accomplishing their purpose, so that the shareholders have been assessed under the different provisions of the income tax act designed to deal with these situations. The cases which have been examined are not limited to one area in Canada."

Revenue Minister Benson spoke of the subject last month when he addressed a tax management class at Queen's University, Kingston, Ont. Now the revenue department is re-examining past tax returns of a number of firms. It won't say how many.

Dividend stripping, the tax officials say, is difficult to define in a precise way. The dividend strippers are usually found among the smaller family-held firms. It's not a practice that would be condoned by large, widely-held and respectable companies.

A clause—138A—was written into the Income Tax Act in 1963 giving the revenue department power to make an order, called a direction, that funds received by an individual through dividend stripping shall be treated for tax purposes as a dividend.

The department said in its statement: "Section 138A... was designed to block a loop-hole in the law, but it does not affect the tax liability under the law as it existed prior to the enactment of section 138A."

APPLY RULE STERNLY — It now is reported this clause is being applied more vigorously than it has been in the past three years. It has taken

in his Kingston speech, Mr. Benson gave the tax consultants clear warning that "schemes to remove assets without attracting tax" will be dealt with.

Some corporations seek advice from the revenue department on how the tax collector would regard some financial dealing if it was carried through. But the revenue department won't give a ruling before such a transaction has taken place, unless it is absolutely certain the treasury isn't being deprived of legitimate revenue.

"The right to make a direction... must not be placed in jeopardy by a ruling given before the transaction has taken place," Mr. Benson said.

"Opinions will not be given unless, my officials in the taxation division are satisfied that there is no doubt that a direction will not have to be made in the future in respect of the proposed transaction or related transactions."

GIVEN TRAVEL GRANT — OTTAWA (CP) — Nuffield foundation travel grants for Canadian scholars for advance research in the United Kingdom announced by the Canadian Universities Foundation Friday, included a grant in humanities and social science to Dr. J. Keith Johnston, University of New Brunswick.

Greek Trawlers Head For Banks

OTTAWA (CP) — Greek fishing trawlers will appear in the near future on the Grand Banks of Newfoundland, reports a government-sponsored reconnaissance mission.

It says declining fish populations off northwest Africa is forcing the Greek fleet to move farther afield.

"The Newfoundland banks will likely see Greek freezer trawlers in the near future."

The forecast is contained in the report of a six-man fisheries mission which visited Greece as well as Liberia, Ghana and Nigeria earlier this year under trade department auspices.

It found a rapidly growing market for fish products in all four countries.

In West Africa, the report said a short-term market may be available in Nigeria for Canadian exports of dried artificially-cured stockfish. Over the long term, the market accent will be more on frozen products.

As for Greece, "the mission members found a keen interest in supplies of good quality Canadian wet salted cod as well as salmon roe and cod roe."

In Lunenburg, N.S., C. J. Morrow, chairman of National Sea Products Ltd. said he didn't feel the Greek trawlers would make much difference to present fishing operations on the Grand Banks.

"There are so many foreign trawlers there now that a few more won't make much difference," he said in an interview.

Mr. Morrow said freezer trawlers are being used on the Grand Banks by the Russians, Japanese, Germans and English.

March by 12.9 per cent from a year earlier. Freight unloaded in coastal trade alone was up 22.3 per cent.

Two new reports on business activity in the month of May were issued. Department store sales rose 6.1 and 6.2 per cent in the first two weeks of the month over comparable weeks in 1964, and it took 80,584 railway freight cars to handle goods loaded in the third week, an increase of nearly 12 per cent.

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Presbyterians Will Watch UC-Anglican Union Progress

MONTREAL (CP) — Presbyterians will watch progress toward union between Canada's United and Anglican churches "with prayerful interest and concern," a Montreal Presbyterian spokesman said here.

"Presbyterians will watch with prayerful interest and concern the deliberations of our sister communions as they seek to realize organically the essential unity of the Christian church," said Rev. C. C. Cochran, Moderator of the Montreal Presbytery.

He was commenting on a document drawn up by two official 10-man committees of the Anglican and United Churches and made public here.

"The United and Anglican churches have much work to do before substantial progress can be reported, and in this undertaking they will have the prayers and the goodwill of Christians everywhere in Canada," the Presbyterian minister said.

The document does not attempt to tackle all things that must be settled, said Rt. Rev. Kenneth Maguire, Anglican Bishop of Montreal.

"But the initial start on principles of faith and order makes it a very valuable statement and it does lay a real obligation on us to move forward to consider actual steps toward unity."

One of the most important concerns of the two committees, he said, is that the document should be "widely and fully studied by the clergy throughout

the churches and the people throughout the parishes and congregations."

IS 'IMPORTANT STEP' — Rt. Rev. Russell F. Brown, Anglican bishop of Quebec City, said at Lennoxville, Que., the adoption of principles for possible union is "a most important step forward."

Bishop Brown said the announcement "means for the first time there is unanimity on the part of both Committees of Ten which were set up to study this important and historic question."

Dr. George Johnson, principal of Montreal's United Theological College, called the document a breakthrough in Canada, in North America and perhaps in the whole English-speaking world.

Dr. Johnson, attending the annual meeting of the Montreal and Ottawa conference of United Church of Canada in Lennoxville, said that because of the crisis in faith will be more easily responded to if competition between different denominations disappears, the document might affect the whole question of the future of religion.

Mrs. J. A. Boorman, an United Church laywoman at the conference, said she feels that the plan is being drawn up at the top and forcing laymen into something of which they had little awareness.

HAS NO MISGIVINGS — Dr. J. Gwynne-Timothy, a history professor at the University of Western Ontario, disagreed with Mrs. Boorman about the misgivings of the laity.

"Foundations already exist for union in the two churches, he said. A superstructure is not being imposed on laymen, rather a superstructure is finally being made to go with conditions that have already been created."

MORE PEOPLE — The population of Saskatchewan increased by 10,000 to 946,000 in 1964.

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