Chamber Is Cautious In Plea For Tax Cuts

By DON HANRIGHT

OTTAWA (CP)—A note of caution has tempered the Canadian Chamber of Commerce's usual pre-budget plea for tax cuts.

The chamber left no doubt in its submission to Finance Minister Gordon that it does indeed wan reductions in both personal and corporation income tax rates, roughly equivalent to the U.S. cuts last year. But the brief added:

"It is recognized that to obtain optimum benefit for the economy, action upon this step should be timed with due attention to the degree of strength being registered in business capital programs and in other sectors of the economy."

The submission said indications of a further 1965 step - up in capital spending, while encouraging, "have also raised questions about the possibility of an unduly rapid rate of capital expansion, at least in some sectors of the economy."

The executive council also raised these points:

Some areas of market "tightness" plus recent labor negotiations and settlements "have given rise to an increasing concern about the possibility of renewed pressures on costs and profit margins."

2. Demand for Canadian exports in overseas markets had clearly begun to moderate.

3. There has been widespread discussion of a late-1965 slowing down in the rate of North American economic expansion; this may bring a note of caution in business and consumer spending plans.

SEES BUDGET BALANCE

The chamber predicted that the federal budget will be close to balance this fiscal year as a result of the strong advance in both business and personal incomes, and a speed-up in corporate tax collections.

But in the coming year "it would not seem realistic" to count on another strong rise in corporate tax revenues or on more cuts in defence spending. There also would be another shift of revenues to the provinces.

"Thus, many of the influences which have been contributing to the past year's improvement in the federal government's financial position will be tending to weaken.

"At the same time, the continued upthrust in business capital programs which is suggested by all indications to date raises considerable doubt about the desirability of introducing any further real or psychological impetus by way of tax concessions in the early part of the year, though the growing awareness of a possible slowing-down in the latter part of 1965 might well alter the framework of judgment as the year proceeds."

It was in this context that the chamber recommended "first priority" for cuts in income tax rates. It said this would be preferable to more tax incentives.

U.S. Demands Are Lowered On UN Arrears

UNITED NATIONS (CP)—The United States has lowered its demands—by about $9,400,000—in a bid to settle the Soviet Union's unpaid United Nations peace-keeping assessments.

Its new position is the Russians can gain the right to vote in the General Assembly in 1965 by pledging around $17,100,000.

Its old position was Moscow could do so only by paying $26,500,000.

That word came Sunday from diplomats about negotiations Secretary-General U Thant is carrying on to clear up the issue.

Some expected he would succeed before the holiday recess planned for Wednesday. Others predicted there would be no settlement now and the General Assembly would recess till Feb. 8 or 15 to give Thant time for further negotiations.

Oil Co. Plane Is Shot Down By Egyptians

CAIRO (AP)—Egyptian air force jet fighters shot down an American oil company plane near Alexandria Saturday after making three warning passes and firing warning shots over the light twin-engined aircraft, reliable sources here reported Sunday.

Nationality of the two men aboard the plane, who were killed in the resulting crash, was still no established Sunday evening.

They had been variously identified as American, British and South African.

U.S. and Egyptian officials expressed grave fears American-Egyptian relations, strained since burning of the U.S. Information Service library in Cairo last month, would plummet should the occupants prove to be American.

Government investigators and rescue parties pushed through the salt marshes of the Nile Delta for the crash scene, outside Alexandria.

MENZIES CELEBRATES

MELBOURNE (Reuters)—Sir Robert Menzies Saturday completed 15 years as Australian prime minister and will have a double celebration Sunday—his 70th birthday.

WILL APPEAL

OTTAWA (CP) — An appeal by Eleftherios Varnakiotis, 22-year-old Greek seaman, against a deportation order will be heard here by the immigration appeal board ajan. 5. Varnakiotis deserted from a Greek ship in 1962 and was picked up by immigration officers in Vancouver Nov. 4.

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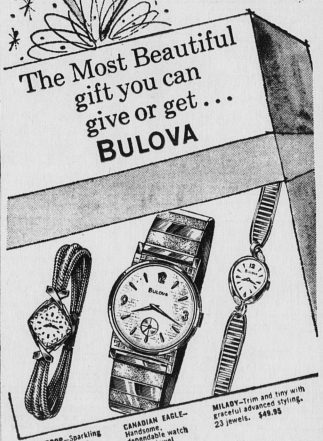

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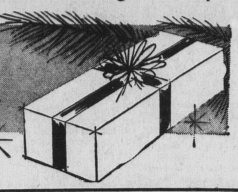

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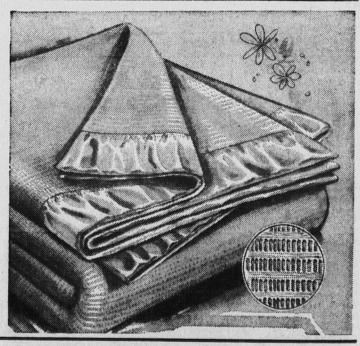

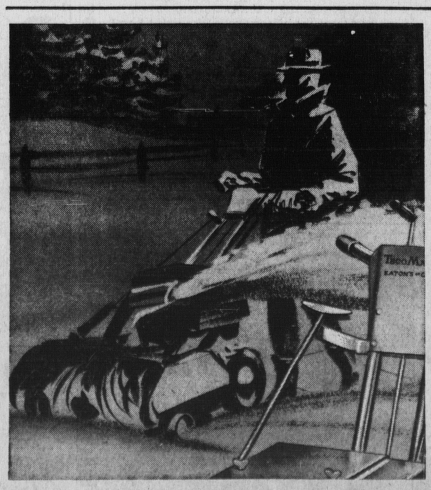

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