TELEPHONE 8506

Buyer meets seller with Guardian Want Ads. Dial 8506 ask for classified ad taker, for quick results.

The Guardian

"Covers Prince Edward Island Like The Dew"

WEATHER

Mostly sunny, a little colder, north winds 15. Low-high at Charlottetown 28 and 40.

VOL. LXXII NO. 84 — Authorized as Second Class Mail by the Post Office Department, Ottawa — CHARLOTTETOWN, CANADA, FRIDAY, APRIL 10, 1959. — 14 PAGES — NOT MORE THAN FIVE CENTS

ROYAL TOUR'S DRY RUN

Lt.-Gen. Howard D. Graham (left) in charge of arrangements for the Royal tour this summer, and Esmond Butler, Canadian-born press secretary to the Queen, prepare to leave on a dry run of the routes the Queen and Prince Philip will take while in Canada. Mr. Butler will report back to the Queen on the arrangements. (CP Wirephoto).

CIGARETTES, CIGARS, LIQUOR

Tax Increases Feature '59 'Recovery' Budget

Tax News Said 'All Bad' For Average Canadian

By DAVE McINTOSH
Canadian Press Staff Writer

OTTAWA (CP) — For Mr. and Mrs. Johnny Canuck, the tax news Thursday night was all bad.

Taxes on cigarets, cigars and liquor will be higher.

Excise taxes on some imported fresh and canned fruits and vegetables and on some imported fabrics will be increased.

The old age security tax, which is applied on personal and corporation income and commodity sales, will go up.

In short, Finance Minister Fleming in his budget proposals to the Commons conducted a short, sharp raid on the Canadian pocketbook.

The higher old age security tax will hit all taxpayers, no matter how small their income.

This tax now amounts to two per cent on personal income, corporation income and commodity sales. It is being increased to three per cent—today in the case of commodity sales; on July 1, 1959, on personal income; and on Jan. 1, 1959, on corporation income.

CEILING ON TAX

There is a ceiling on this tax, however. In the case of personal income, the maximum contribution will be $90 instead of $60 a year after July 1.

Mr. Fleming bumped income taxes again when he put an additional two per cent on all taxable income above $3,000 effective July 1.

These increases fall in the higher brackets and will affect only 800,000 of the 4,600,000 Canadian taxpayers — those making more than $5,000 a year.

Today, the tax on a package of 20 cigarets will go up by two cents.

The tax on cigars will be doubled to $2 a thousand.

The tax on liquor will be increased by about 12 cents on a 25-ounce bottle of whisky.

Footpote: Mr. Fleming neither smokes nor drinks.

For the taxpayer, the bad news began to emerge when Mr. Fleming said: "I believe that there should be some narrowing of the budgetary gap."

In other words, more revenue which, translated, means in turn more taxes.

Mr. Fleming tried to soften the shock by saying: "Evidently most people have been expecting some tax increases this year. Many may be not unpleasantly surprised that the increases I shall be proposing are a moder-

(Continued on Page 5 col. 5)

HIGHLIGHTS OF BUDGET

By THE CANADIAN PRESS

Personal income tax increased by two percentage points on taxable income in excess of $3,000, effective next July 1.

Special two-per-cent income and sales tax for old age security increased to three per cent with maximum $90 for individuals, effective at varying 1959 dates.

Tax on corporation income above $25,000 increased to 47 per cent from 45 effective Jan. 1, 1959.

Budget deficit for 1959-60 forecast at $393,000,000 compared with $616,600,000 in year ended March 31.

Expenditures estimated at record $5,660,000,000 compared with $5,367,000,000 in 1958-59 and revenues $5,267,000,000 compared with $4,770,00,000.

Tax changes estimated to yield $245,000,000 in remainder of current year and $352,000,00 in full year.

Excise tax on cigarets increased by two cents per package of 20, effective immediately.

Excise duty on spirits increased by $1 per proof gallon —about 12 cents per 25-ounce bottle—effective immediately.

Excise duty on cigars increased by $1 per 1,000, effective immediately.

No change in taxes on beer, automobiles, radios and television sets.

Deductible medical expenses will include crutches, trusses, special poli patient beds.

No tax deductions for medical expenses that are paid by federal - provincial contributions.

Canadian fruit and vegetable growers get increased tariff protection, especially during Canadian production season.

Tariff of 10 per cent eliminated for some fruits and vegetables on out-of-season shipments.

Duties on imports of liquor and cigars raised in line with higher excise taxes on domestic production.

Tariff rates on some fabrics, perfumes, ports, sherries, aperitif wines and marble products reduced.

Margin of tariff preference on British wool cloth restored by rate boost on non-Commonwealth suppliers.

Canada opens negotiations with other countries to revise tariffs on cotton yarns and fabrics.

Deficit Risk Is Reason

OTTAWA (CP)—Finance Minister Fleming said Thursday night Canada could not risk such a large deficit as last year's $616,600,000.

He gave this as one of his main reasons for his "moderate" —Mr. Fleming's word — tax increases, intended to reduce the deficit to $393,000,000 this year.

"We must look forward to a time when conditions of prosperity and employment will allow a balanced budget and when we can also make proper provision for an orderly retirement of debt," Mr. Fleming said.

"We have not, however, reached that stage.

INFLATION RISK

"If, under the greatly-improved prospects of today, we were to continue to run deficits on the same scale as last year, we would . . . run serious risk of building up an inflationary potential which could prove most difficult to keep under control a year or so hence."

Steps toward a smaller deficit were also desirable to reduce the heavy pressure of new federal borrowings on the bond market.

The Canadian bond market had not been accustomed to absorbing as large a volume of new government of Canada bonds as the government had had to offer during the last year.

Smaller Federal Deficit Termed Fleming's Goal

By ALAN DONNELLY
Canadian Press Staff Writer

OTTAWA (CP)—Heavier taxes on personal and corporation incomes and commodity sales were assessed by Finance Minister Fleming Thursday night in a "recovery" budget aimed at a smaller federal deficit.

He also loaded new taxes on cigarets, cigars and liquor, effective today, as he budgeted for a $393,000,000 deficit in the fiscal year begun April 1. The budget deficit last year was a peacetime record $616,600,000.

Personal income taxes, to rise after July 1, will bear about two-thirds of the brunt of new taxes estimated to bring the treasury an additional $245,000,000 in this fiscal year and $352,000,000 in a full year.

The minister announced that another two percentage points will be added July 1 to the rate on taxable incomes over $3,000, affecting some 800,000 of the country's 4,600,000 taxpayers.

AID FOR PENSION FUND

More than half of the tax hikes were aimed at putting the universal $55-a-month pension at age 70 on a pay-as-you-go basis, after perennial deficits in the old age pension fund which ran to a record $194,000,000 last year.

To do this Mr. Fleming added another one-per-cent tax on taxable personal incomes up to

HON. DONALD FLEMING

$3,000, effective July 1, and one per cent to corporate incomes retroactive to Jan. 1, and hiked the commodity sales tax to 11 per cent from 10 to take effect at once. The extra money goes into the pension fund which operates outside normal budg operations.

This boosts the tax rate from two per cent on each of these categories—personal and corporation incomes and commodity sales—to three per cent with a maximum payment of $90 instead of $60 for individuals.

CORPORATION TAXES

For corporate taxpayers, Mr. Fleming said their profits over $25,000 annually will be assessed an extra two per cent which, together with a one-per-cent hike on earnings under $25,000, will boost the rate on profits over that floor from 47 per cent to 50. The increase applies on 1958 profits.

The non - smoking teetotalling Mr. Fleming hiked the excise tax on cigarets from eight cents to 10 on a pack of 20 smokes, and the excise duty on liquor from $12 to $13 for a proof gallon—a boost working out to about 12 cents on a 25-ounce bottle. The excise duty on cigars goes from $1 to $2 a thousand.

These three products also face

(Continued on page 13 col. 4)

New Set Of Potato Regulations Proposed By Producers Assoc.

Potato growers and dealers of Prince Edward Island next fall may be required to operate under a new set of regulations, provided that the government of the Province and the industry in general approve of a plan submitted to the provincial Cabinet yesterday by a delegation representing the Prince Edward Island Potato Producers Association.

Entitled "Plan for Potato Regulation," the three-page draft proposal was delivered to the members of the government by 10 members of the producer group's 18-man directorate; the remainder, including chairman Colin MacPhail, being reported either ill or otherwise unavoidably absent.

VOTERS MUST APPROVE

In the submission, introduction of the new plan is made contingent on approval of sixty per cent of those casting ballots in a vote to be called by the government. Exact manner in which the vote shall be held is left to the discretion of the Lieutenant Governor-in-Council.

If approved, the plan will be administered by a body known as the 'Prince Edward Island Potato Marketing Board" consisting of nine members - six growers and three dealers - one-third down from each county.

More than two acres of potatoes must be grown annually by each grower member of the Board. All dealer-members must be engaged in the marketing of potatoes "not grown by himself or on his

(Continued on page 2 col. 3)

Mayors Ask More Money

OTTAWA (CP) — More federal money for municipalities' big capital projects was sought Thursday in a brief to the cabinet by the Canadian Federation of Mayors and Municipalities.

Later, Prime Minister Diefenbaker told the Commons that the brief had been received and will be considered.

The federation said most municipalities can meet the cost of operation and general services. However, they could not find the money for capital works calling for large, immediate spending.

Red Ensign Taken As Official Flag

TORONTO (CP) — An informal move towards adoption of the Red Ensign in Ontario gained ground Thursday when Lieutenant-Governor J. Keiller Mackay took it for his official emblem.

A new flag, with the ensign replacing the Union Jack as the background, was flown Thursday from the staff in front of the lieutenant - governor's apartment in the provincial Parliament buildings.

Earlier this year Premier Frost ordered the Union Jack taken from the main flagpole at Queen's Park and replaced by the Red Ensign. The ensign has been flown there every day since.

PERSONAL FLAG

The lieutenant-governor's flag is a full ensign with a white circle in the lower left hand corner. In this corner is the provincial coat of arms, surrounded by 10 green maple leaves.

Provincial government offices in several Ontario centres have made the changeover in recent months. In Premier Frost's home town of Lindsay the Red Ensign has become an almost unaimous choice as the "official" Canadian flag.

The premier has said the ensign, a red flag with the Union Jack in the upper left hand corner, should be the model for the nation's formal emblem.

The lieutenant-governor said he purposely chose Thursday — the 41st anniversary of the battle of Vimy Ridge—to make the change. He said the Red Ensign led Canadian troops in their bloody assault on Vimy Ridge, a key victory in the First World War.

"No day could be more fitting," he said. "This is the flag Canadians followed in two wars and the flag that followed the mortal remains of 60,000 Canadians killed in the First World War."

Field Battery Plans Reunion

NEWCASTLE, (CP) — The 28th Field Battery will hold its 20th year reunion here May 16. Word has been received from members as far distant as Belfast, Ireland. The former commanding officer, Brig. R.E.G. Roome, now visiting in Florida, plans to attend the re-union.

POLITICAL CYNICISM

Direct Tax Jump 'First Since '35'

OTTAW. (CP)—William Benidickson, Liberal financial critic, said Thursday night the tax increases in Finance Minister Fleming's budget represent "the utmost in political cynicism."

He said in a Commons reply to Mr. Fleming's budget speech that the government realizes "the increases might be compensated for two years hence at a more appropriate time for reductions."

Mr. Benidickson was apparently referring to the fact that the next general election is likely to occur in 1962 and that the Progressive Conservative administration might cut taxes just before then.

He said that except in wartime and during the Korean action there had been no increase in direct taxes since the Bennett Conservative government of 1930-35. From 1935 until 1957, the Liberals were in power.

STRIKING CONTRAST

Mr. Benidickson said that the budget was in striking contrast to past statements Mr. Fleming made while in Opposition and in his early months as finance minister.

"What a difference has taken place in the minister of finance in a short two years. The highlights of everything he said tonight seem directly opposite to the things we knew him for in recent times."

In the past, he said, Mr. Fleming had stressed the need for a balanced budget. Now Mr. Fleming proposed a second straight budget deficit.

ADVOCATED DECREASE

In the past, Mr. Fleming had advocated a decrease in taxes. Now there would be tax increases amounting to $352,000,000.

"What a contrast," Mr. Benidickson said.

Comparing the present Conservative administration with that of 1930-35, he said:

"We have, of course, the same kind of government and we are finding the same kind of results."

The tax increase represented a reduction in Canadians' take-home pay and, Mr. Fleming's statement to the contrary, wage-earners with less than $3,000 taxable income still would find they would have to pay higher taxes —at least $2.50 a month for old age security.

Island Potato Growers Get Added Protection

OTTAWA — (Special)— Prince Edward Island potato growers get assistance in the budget of finance minister Donald Fleming.

Fleming, announcing sweeping changes in tariffs on imported fresh fruits and vegetables, said:

"The duty of potatoes, table and seed, new and old, will hereafter, as recommended by the tariff board, be 37-½ cents per hunderdweight, throughout the year.

"Thus, at last, we regain substantial reciprocity with the rates applied to our potatoes by the United States."

The duty increase will not affect Canadian sales to the U.S. but is expected to move Canadian potato producers in a more favorable competitive position against American imports.

For fishermen forced to buy Norwegian or other foreign lures, jiggers and artificial baits and metal panel devices to keep nets open because of a shortage of live bait, Fleming announced that the sales tax on such items had been abolished. This will reduce the price of artificial bait.

The Finance Minister also announced protective tariff increases on fresh fruits and vegetables, of interest to market gardeners on the Island.

Duties on imported apples and peaches are increased and extra protection provided against U.S. asparagus, brussel sprouts, Cabbage, carrots, cauliflower, celery, corn-on-the-cob, cucumbers, lettuce, onions, peppers, parsnips, apricots, sour cherries, pears and prunes.

These commodities will be protected by higher tariffs during the Canadian season when prices are low and American competition keen. During the off-season many American products from beans to strawberries will be allower in duty free to lower prices as an aid to housewives.

Brilliant Architect Is Dead In Phoenix

PHOENIX, Ariz. (AP)—Frank Lloyd Wright, 89, master architect who fashioned a world reputation for brilliant design, died in a Phoenix hospital Thursday.

Known as the "rebellious old gentleman" of his profession, Wright entered hospital last Saturday and underwent surgery Monday for removal of an intestinal obstruction.

He appeared to be resting comfortably Wednesday night and physicians felt he was holding his own up to an hour before his death.

Wright was the centre of controversy throughout his professional life. Many of his designs were unusual in appearance and radical in engineering.

Criticism of his plans drew stinging replies.

"Early in life I had to choose between honest arrogance and hypocritical humility," he said a few years ago. "I chose honest arrogance and have seen no occasion to change."

FAMED BUILDINGS

He designed more than 700 buildings, including the Imperial Hotel in Tokyo, the Price Tower in Bartlesville, Okla., and the still-unfinished Guggenheim Museum in New York.

Born June 8, 1869, in Richland Center, Wis., Wright began his career as an apprentice without waiting to graduate from college.

Some of his sharpest verbal blasts were at the American Institute of Architects and its members.

But in 1948, the institute named him the 15th winner in 42 years of its gold medal "for distinguished service to the advancement of the art and the profession of architecture."

"The only thing wrong with architecture is architects," he once said.

Wright called cities "vampires . . . sterilizing humanity" and apartments "sanitary slums."

ATTRACTED YOUTH

His warfare with convention attracted youth to him and he established the Frank Lloyd Wright Foundation to instruct his followers.

Wright's personal life was marked by three marriages. His first, to the late Catherine Tobin, produced six children before ending in divorce.

He then married Miram Noel, who died shortly after their divorce.

His third wife, Olgivanna Lazovich, was with him when he died. They have one daughter.

Church Giving Not Affected

OTTAWA (CP) — J. Gear McEntyre, deputy minister of revenue, said Thursday that giving to churches has not been affected appreciably by a regulation introduced in 1957 allowing every taxpayer a straight $100 deduction for charitable donations.

Mr. McEntyre replied during a meeting of the Commons estimates committee to Douglas Fisher, CCF member for Port Arthur, who said he understands some churches objected to the provision.

He confirmed that some representations had been received from churches and other groups and said the department was continuing to watch for possible effects.

Secretaries Act One Year

OTTAWA (CP)—The Commons Thursday gave final approval to a government bill substituting parliamentary secretaries for parliamentary assistants to cabinet ministers.

Under the measure, which still must be approved by the Senate, 16 parliamentary secretaries would be appointed for one-year terms at a $4,000-a-year salary.

Parliamentary assistants under the Liberal government were appointed by order-in-council and held the post for the life of a parliament. There was a limit of 14 at $4,000-a-year salaries.

HE CARRIED GOOD NEWS ON TAXES

Derick Heathcote Amory, Britain's chancellor of the exchequer carried good news in his budget box when he brought word of major tax cuts earlier this week. Canada's finance minister usually carries his budget in a brief case, not a box. But that was only a minor difference. Donald Fleming had no tax reductions for Canadians last night. On the contrary there were tax increases and many of them. (AP Wirephoto)

U.S. Textbooks Said Danger

PENTICTON, B.C. (CP)—"Enclosures acts helped to make England a nation of tea drinkers. Lacking their own cows for milk, the dispossessed farmers found it cheaper to buy tea."

The quotation is from a Grade 10 history textbook used in British Columbia schools. It was read here to Dean S. F. N. Chant of the University of British Columbia, chairman of a royal commission investigating education in the province.

A. K. McLeod, presenting a brief on behalf of the parent-teacher association at nearby Summerland, read from the textbook Wednesday to illustrate the dangers of using predominantly United States text books in B.C. schools.

NO CANADIANS

He said the book—Our World: Renaissance to Modern Times—also contains a picture of Gen. Douglas MacArthur teaching "enthusiastic young Japan to play baseball." But it doesn't mention one Canadian prime minister.