



HALIFAX HI-Y GROUP VISITS HERE

Two of the 75 Halifax Hi-Y men here on a three-day visit to their Charlottetown counterparts converse with two local Hi-Y members. In the group left to right are: Hugh MacLean, Charlottetown; George Lewis, Halifax;

Ken MacKenzie, Charlottetown; and Bob Harris, Halifax. Representing 16 Clubs in the Nova Scotia Capital, the Halifax contingent arrived in the City Monday evening by special coach attached to the regular CNR train.

An extensive program including inter-Y sports, discussion groups, worship service, a sight-seeing tour, various luncheons, a sock hop and a dance have been arranged by the committee in charge. The formal part of the

conference will conclude with a banquet held at the "Y" Gymnasium Wednesday evening, at which Charles Ballem, director of physical fitness at Summerside High School will be guest speaker.

Gordon

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Over the next two or three decades we will live under the shadow of that ambiguous emblem. It will influence our daily lives, coloring the headlines we read and the hopes we have for ourselves and our children.

The financial burden of defence would continue to be heavy for the next two or three decades. However, size of the armed forces — 120,000 personnel — likely would remain unchanged. The commission again exhibits its theme of the humanitarian approach in dealing with problems of the Atlantic provinces and the Arctic.

PARTICULARLY DIFFICULT
The problem of the Nova Scotia coal miners and their families is a particularly difficult one which will require both a sympathetic approach and special treatment.

Some 4,000 of Nova Scotia's 11,000 coal miners may be displaced by mechanization, the commission says, adding:

"We suggest that on economic grounds alone, having regard to the amount of the present (coal) subsidy, there would be every justification for paying the full amount of the transportation costs of all the members of any families who may be willing to move to other parts of Nova Scotia or elsewhere in Canada; for assistance in the provision of housing; and for training for other occupations, possibly in co-operation with industry."

ON THE NORTH:
The problem of providing a satisfactory means of livelihood for the Indians and Eskimos in the north is a very real and difficult one. Relief and social security measures which may be appropriate elsewhere in Canada may prove to be quite unsatisfactory when applied to the native peoples of the north accustomed as they are to a more primitive way of life.

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COMING EVENTS

Opening dance Mt. Ryan Thursday night. Burns Orchestra.

Dance at Millview Hall Friday April 11. Canteen service.

Card party Wiltshire Hall tonight.

Marie United Church Variety Concert, Morell Hall, Thursday, April 10.

A meeting of the share holders of the Brookfield Cleaning company will be held at Brookfield Hall on April 9, at 8.30.

Souris community weekly Friday night dances beginning April 11th. Cliff Peters orchestra. Dancing 9:30 to 12:30.

MONUMENTS

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der of the former Liberal government. The commission chairman was Walter L. Gordon, Toronto accountant who openly supported the Liberals in the recent election campaign.

Other commission members were: A. E. Grauer of Vancouver, president of British Columbia Power Corp.; Omer Lussier, Quebec forestry authority; Dr. Ray Gushue, head of Newfoundland's Memorial University; and Dr. Andrew Stewart, president of the University of Alberta. Dr. Stewart now is chairman of the royal commission on price spreads established by the Progressive Conservative government.

Main points made by the commission in the economic, fiscal and commercial field:

1. Taxes should be reduced and federal spending — reased during unemployment crises.

2. Canada's trade is more likely to increase with the United States than with Britain.

3. Immigration should be stable even during mild recessions.

4. There are dangers in "unreasonable" demands for more processing of Canadian raw materials in Canada.

5. There will be "important" economic developments in the north but planting of any large population centres in the region would require the "ruthlessness of a Peter the Great."

6. Canada's economy may become less vulnerable to United States recessions although this country may find its economy bound more tightly to that of the U. S. than ever before.

7. Prospects of large new free-trade moves are unlikely and Canada should hold the line on the present tariff level.

8. The main problem of agriculture will be to avoid overproduction. Thus support prices for farm products should not be set too high.

9. The government "might well" open the Montreal market to Prairie oil if greater access to the U. S. market is not achieved.

10. A new national energy authority should be responsible for development and marketing of all forms of energy.

11. Anti-combines laws should be modified to allow more large-scale, lower-cost production.

The commission forecast: that



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national production will triple to \$76,000,000 in the next quarter-century.

MAIN HOPE
It says Canada's main hope for expanded export markets lies in the U. S. There would be a growing American market for Canadian industrial raw materials.

But the commission war. that American control over Canadian industry is growing. Of the total \$13,468,000,000 foreign investment in Canada in 1955, \$10,289,000,000 came from Americans.

"The book value of Canadian companies in which a controlling interest is held in the U. S. accounted at the beginning of 1955 for 68 per cent of the total investment in the petroleum industry, for 51 per cent in the chemical industry, for 95 per cent in the automobile and parts industry and for 45 per cent in the pulp and paper industry and all of these percentages have been increasing."

It was up to the Canadian government to act to reduce the impact of American control over Canadian industry. Perhaps this could be done by allowing Canadians to buy certain portions of the stock of American subsidiaries; by having these subsidiaries publish financial statements; and by having Canadians on the staff of senior management and on the boards of directors.

The commission says average Canadian living standards are between 25 and 30 per cent below those in the U. S. In time this gap might narrow. However, American technological charges might require production on a scale too large to be economical in Canada.

\$2,717,016

(Continued from Page One)
594.91, after adding \$682,550.24 to Sinking Fund Account.

Thus, the net debt of the Province as of March 31, 1957 amounted to \$21,591,605 namely debenture debt \$19,550,000, less sinking fund investments \$4,023,070; Bank overdrafts \$3,275,490, plus \$2,789,185 held on deposit receipts.

"In my Budget address last March I forecasted an over-all deficit of \$1,793,823 for the fiscal year ending March 31st, 1957. However, before the accounts were formally closed for the year we received some \$332,000, additional revenue under the Trans-Canada highway and federal-provincial highway projects. This revenue, plus an unexpected increase in winter gasoline tax collections of \$31,000, together with certain decreases in forecast expenditures, helped to reduce considerably the over-all forecast deficit for the year to \$1,330,594"

1957-58 ACCOUNTS

Dealing with accounts for the fiscal year ended March 31, 1958, Mr. MacDonald said ordinary expenditures will amount to \$9,655,388, ordinary revenue to \$10,528,979. The revenue surplus will thus be \$863,591. Capital and other expenditures which will reach \$4,299,427 have offsetting capital receipts of \$821,780. Over 40 per cent of this net capital expenditure of \$3,477,647 will again this year be met out of funds available from ordinary account. The \$612,563 to be transferred into sinking funds account has been

Mail Drivers' Troubles Are Discussed In Legislature

Mail drivers are having difficulty with the delivery of rural mail. This was brought to the attention of the Legislature yesterday by Frank Myers (P. C. 1st. Queens) in a question asked by Mr. Myers of the Minister of Highways.

Mr. Myers said the first delivery of mail to the people of Crapaud and Victoria received since Wednesday, April 2, was on Monday, April 7. He wanted to know from the Minister what was being done with the road between Breadalbane and Crapaud over which the mail is transported from the morning train.

Mr. MacKay said he had received word that the road had been plowed and that travelling on it was now possible.

Mr. Myers also called attention to the McKenna Road which connects the Apple Road on the South Melville Road. He said this road had not been opened with the result that the mailman was unable to make connections between the two roads.

Mr. MacKay said the time had come when certain mail routes

on the Island would have to be changed to suit winter delivery. The McKenna Road, he said, was only a short road with only one dwelling on it. He did not think it reasonable that the Department should be expected to clear every little side road in the Province.

In conversation with a rural carrier a Guardian representative learned that other difficulties confront rural mail carriers.

A case in question is the driver who has a part of his route on pavement and another part on side roads. He states that an auto can be used generally on the pavement but when he comes to the side road a car cannot be used.

On the other hand, if he resorts to horse drawn vehicle for the whole route, he is faced with the necessity of having a sharp shod horse for travelling on the pavement and "blacksmiths are as scarce as hen's teeth", he said.

It would seem from this observation that the Minister's opinion regarding the changing of mail routes is not unwarranted.

included in ordinary expenditure. "In spite of the many obstacles besetting our farm economy," the speaker said, "the financial position of the Province still remains strong. Revenues are running true to form and, with the exception of one or two items, are at a slightly higher level than in 1956-57."

ABNORMAL EXPENDITURE

An "abnormal and costly expenditure" recorded in the Interim Statement is that of a refund of \$228,221 to the Federal Government under the 1952 tax rental agreement.

"You will recall," said Mr. MacDonald, "that at the last session of the Assembly, just two days following the Budget, we were very surprised by the official news from Ottawa that the Federal Government's Bureau of Statistics had annually miscalculated our population figures under the 1952 Tax Rental Agreement."

The final calculations indicated that, due to the revision of estimated population figures by reason of the 1956 Census, there would be an adjustment due to overpayments amounting to \$1,141,103.80. I might add, that Prince Edward Island was not the only Province affected by the miscalculation on the part of the federal authorities, but their overpayment was trivial in comparison to their much greater annual grant.

"Realizing the severity of the loss of \$1,140,000, approximately, in our final payment and its effect on the economy of the Province, immediate steps were taken to have the overpayment written-off, and the final quarterly payment forwarded to our Treasury Department. However, the Government of Canada took the stand that a precedent was set in 1952 under a former tax rental agreement whereby the Province of Nova Scotia was overpaid \$1,400,000 and compelled

Total from Local Sources: \$5,000,000.

Total Ordinary Revenue: \$10,528,979.

A comparison with a like period in the preceding year shows an increase in collections from local sources of \$503,569. Except-

ing fixed subsidies and payments made under the 1957 tax rental agreement, income taxes on electricity, and amusement taxes, practically all revenue sources show increases, the larger ones being:

	Actual For 1956-57	Forecast For 1957-58	Increase
Gasoline Tax	\$1,805,913.	\$2,150,000.	\$ 344,087.
Motor Vehicle Licenses, etc.	552,398.	569,700.	17,302.
Tobacco Tax	159,398.	205,000.	45,602.
Corporation Licenses	37,345.	60,125.	22,780.
Insurance Premium Tax	90,000.	90,000.

"The largest decrease," Mr. MacDonald said, "is anticipated from the sale of amusement tickets, approximately \$4,000 from this source alone. The drop is attributed to the inroads of television. Institutional fees show a decline of over \$18,000 over last year's actual collection. Other sources, including liquor revenues, show either a small gain or loss in comparison with the Public Accounts figures of 1956-57.

"Under the Tax Agreement of 1957 we will receive, by the end of this fiscal year, \$4,136,000., in addition to our fixed subsidies of \$647,182.

TAX RENTAL FORMULA

"To refresh your memory, I will explain briefly how the new tax rental agreement payments are calculated. Under the Federal-Provincial Tax-Sharing Arrangements Act, the Federal Government makes available to the provinces, either as tax rentals or as tax abatements, the revenues from the following standard taxes: 13 per cent of corporate profits; 13 per cent of the federal personal income tax; and 50 per cent of succession duties. The revenues are supplemented by equalization grants which are designed to increase (where necessary) the amounts available under these arrangements to the per capita level of the yield of the standard taxes in the two provinces that have the highest per capita yields. In addition, stabilization provisions operate to ensure guaranteed minimum payments.

"For the fiscal year 1957-58 the equalization grants are based on the per capita yield in Ontario and British Columbia (estimated at \$38.70), and all provinces, except Ontario, qualify for them. British Columbia and ourselves are the only provinces that qualify for additional revenue under

the stabilization provisions. Therefore, the Province of Prince Edward Island is guaranteed \$4,136,000 annually during the life of the Agreement, which amount will only be increased by a substantial upward revision of the rates, and a corresponding increase in provincial population.

GASOLINE TAX

It is expected that the tax on gasoline and diesel fuel will reach nearly \$2,150,000, due to the increase in tax, effective the first of May, last, and the open winter weather experienced in the months of November, December, 1957, and January of this year, which places this tax, as a revenue producer, in the first place, from local sources.

"Statistics indicating the number of licensed motor vehicles and drivers demonstrate rapid growth in the past five years. During the license year 1952 some 11,667 cars were licensed; 4,865 trucks and 905 trailers, together with 19,510 persons holding operator's licenses. Last year, 1956, there were 14,163 automobiles; 6,457 trucks; 1,260 trailers and 24,577 operators licensed. This year, 1957, the Motor Vehicle Branch licensed 14,578 cars; 6,514 trucks; 1,297 trailers and issued 25,428 operators permits, for a revenue of over \$136,800 more than in 1952, and some additional \$17,000 over 1956-57.

TOBACCO TAX

"According to our records, the revenue from the tax on tobacco will be up \$45,600 over the amount collected last year. In this connection I wish to express my thanks to the wholesale licensed vendors of this Province who, given, in almost every instance, the utmost co-operation and have been very helpful to me in securing an effective administration of the Tax Act.

"It is encouraging to note that

another year has passed without a substantial increase in the revenue derived from the sale of liquor. If this Province was not one of the "have not" provinces I would be very happy to see the item entirely eliminated from our public revenues, but, at present, it acts as a barometer of money conditions and helpful source of revenue.

INSURANCE PREMIUMS

"A new source of revenue is shown in this year's accounts and I refer to the 2 per cent tax imposed last session on Insurance Premiums. This tax was formerly collected by the federal government but was turned over to the provinces a year ago. For the fiscal year 1957-58 we anticipate a tax return of \$90,000, with an estimate for next year 1958-59 of \$75,000. The difference being accounted for by a 15 month period as against twelve for 1956-59.

"Corporation licenses show a substantial increase, due to a change in the rates last spring under the new Registration and Licensing Act, agreed to by the federal authorities under the terms and conditions of the 1957 Tax Rental Agreement.

"I must again warn honourable members and the public at large that certain sources of our revenue react quickly to changes in the economic cycle and are vulnerable to a contraction of income. In fact, nearly 55 per cent of our total revenue is not of a

(Continued on page 7)

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