



FINANCE MINISTER Sharp, who presented his first budget to Parliament Tuesday night, makes final preparations in his Ottawa office earlier in the day. (CP Wirephoto)

Next Causeway Phase Is Put On Deferred List

Timetable Changes Announced By Sharp

OTTAWA (CP) — Federal construction projects worth about \$35,000,000 will be put off for at least a year, Finance Minister Sharp announced in his budget Tuesday night.

The next phase in the construction of the \$150,000,000 causeway between New Brunswick and Prince Edward Island will be slowed as part of a program to ease inflationary pressure in the construction industry.

Mr. Sharp announced a 10-per-cent cut in the government's \$348,000,000 construction budget for the fiscal year starting April 1. He suggested to the provinces that they exercise similar restraint in their highway-building programs.

The causeway bridge-tunnel project to connect P.E.I. with the mainland, launched with fanfare three days before the Nov. 8 election by former mines minister MacNaught, rated one paragraph in the budget.

"A readjustment of the timetable for the next phase of the Northumberland causeway project (is planned) in order to minimize the pressures on the peak summertime employment market and to maximize winter employment possibilities."

WILL BE HELD BACK

A government spokesman said this means the next contract to be awarded likely will be held back until next winter. The first contract, for a road approach to the New Brunswick end of the causeway near Cape Tormentine, is scheduled to be completed this summer.

Mr. Sharp listed the following projects that will be deferred until after April 1, 1967:

—Several buildings in Ottawa, including a new national museum, a headquarters for the income tax division, a structures laboratory for the National Research Council and buildings at the central experimental farm.

—A grain elevator at Prince Rupert, B.C., delayed because tenders opened recently were all too high.

—Smaller public buildings, such as post offices, in Ontario and British Columbia, where construction was particularly heavy.

—Improvements at various airports and harbor and marine works in coastal areas where there is "serious pressure" on the construction industry.

OTHERS TO FOLLOW

Mr. Sharp said these deferrals are only examples and others will be announced later. Similar construction cutbacks were disclosed last Aug. 2.

He added that Crown corporations are being asked to slow their construction work, too. Local centennial projects would not have to be completed in 1967 to qualify for federal grants.

Apart from construction projects, new federal programs of assistance requiring substantial spending in 1966-67 also were ruled out. Programs announced previously are not affected.

LOW EARNINGS GROUP HELPED

'Slow The Boom' Budget Has Income Tax Boost

By JAMES NELSON
OTTAWA (CP)—A "slow the boom" budget imposing higher taxes on medium and upper incomes starting June 1 and encouraging industry to stretch out its investment program was introduced by Finance Minister Sharp Tuesday night.

But in his deficit budget he did cut taxes for people with low incomes. This affects about 40 per cent of all taxpayers, who pay about 12 per cent of all federal revenues from the income tax.

And he promised to lift the

controversial sales tax on production machinery, starting next year. He said this would help to stabilize the boom by encouraging industry to postpone purchases until the tax comes off.

He imposed a new kind of tax on the cash profits of big corporations in excess of \$30,000. He will freeze five per cent of these profits starting May 1 in a separate budget account, to be paid back to the companies with interest of five per cent 1/2 to three years from now.

For individuals, there was no change in luxury taxes—except

for tax relief for stained hand-made glass windows.

But he lifted the 11-per-cent sales tax from some additional farmers' and fishermen's equipment.

ECONOMY BOOMING

Mr. Sharp called it a "pace the prosperity" budget. He said it is not intended to curtail the boom, but to keep it running—though at a more moderate rate.

The 54-year-old economist, presenting his first budget since becoming minister of finance last December, planned a budgetary deficit of \$150,000,000, with expenditures of \$8,300,000,000 and revenues of \$8,300,000,000. Last year's budgetary deficit forecast was \$300,000,000 but this was cut by buoyant federal revenues to \$34,000,000.

Mr. Sharp said, however, that the impact of the new budget on a national-accounts basis would be to yield an inflation-fighting surplus of \$615,000,000 in all government revenues over all government outlays. This surplus was \$494,000,000 last year and would have been \$371,000,000 this year had he made no tax changes.

The finance minister performed a double-shuffle with income tax rates. He left the actual rate unchanged from where it was before former finance minister Gordon's 10-per-cent cut in basic federal tax last July 1. Mr. Sharp withdrew most of that tax cut and then made a new tax cut affecting lower-income groups only.

The result is that a single taxpayer with no dependents will pay a lower federal tax in 1966 on incomes up to nearly \$3,600. Above that the tax will be higher.

The switch between lower and higher taxes, for married taxpayers with no dependents, comes between \$3,000 and \$4,000-a-year incomes. For married taxpayers with two children eligible for family allowances, the switch occurs between \$4,000 and \$5,000 a year.

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BLOOD DONOR IS ANNOYED

TORONTO (CP) — George Franklin Coates, who has donated 100 pints of blood in 24 years, is mad because the Red Cross refuses to take any more from him.

Said Coates: "I went down to the blood donors clinic Thursday and they turned me away saying I was 65. They just wouldn't take me."

Coates says his two sons, both doctors, say "I'm as healthy as a horse."

Monday night the Red Cross presented Coates with a certificate that read: "You will never know how many lives you have saved."

Effective Budget Dates

OTTAWA (CP) — Effective dates of main changes announced in Tuesday night's budget:

IMMEDIATELY

Sales tax of 11 per cent removed from machinery and tools used for shaping and moulding materials.

Capital cost tax allowances reduced on most building and machinery items for next 18 months.

APRIL 15

Non-residents withholding tax of 15 per cent removed on interest payments pertaining to new bond issues by all levels of government.

MAY 1

Special refundable tax of five per cent applied to corporation cash profits over \$30,000; to continue for 18 months.

JUNE 1

Personal income tax increased on medium and upper income brackets, lowered slightly on low incomes.

JAN. 1, 1967

Charitable donations deductions for income purposes allowed only where tax charitable organizations file annual reports to government.

APRIL 1, 1967

Sales tax reduced to six per cent from 11 on all production equipment and machinery.

APRIL 1, 1968

Sales tax removed from all production equipment and machinery.

Position Of Island Potatoes Reported Best On Continent

Prince Edward Island potatoes are in the best position market-wise of any on the North American continent, R.L. Burge, Five Houses told The Guardian Tuesday afternoon.

The chairman of the Potato Marketing Board, who has made a close study of potato marketing developments, said that "two years ago we stood second to Idaho, in the U.S.A. Last year, he said, we were on a par with them, but this year we are ahead of them."

Mr. Burge was referring directly to the tubercles market, but he also sees tremendous possibilities ahead for expanded seed sales. No other seed can compare for quality, and quality will be even better when present plans for upgrading seed potatoes are completed, it was explained.

The island is unable to meet the demand for its seed potatoes this year, he said.

Noting that the seed potato industry here is approaching the half century mark, he recalled that it was back in 1916 that the Seed Potato Certification Service was inaugurated in Canada, with headquarters in Charlottetown.

"Rigid inspection, plus the co-operation of our growers and dealers, coupled with a liberal educational program, stressing attention to grading, has been responsible," Mr. Burge said.

"For placing Prince Edward Island in the foremost position, as a producer of the highest class seed potatoes. Evidence of the co-operation of the three named groups leads up to the status of the seed potato industry of the present day."

"Proof of the quality and performance of the seed is shown in the fact that we enjoy markets in 22 countries of the world, 16

states of U.S.A. and 10 provinces of Canada. Some years we are unable to ship to certain foreign countries because of economic conditions or political disturbances.

"Future prospects would appear to be very bright indeed, with the co-operation of the three

South Africans Voting Today

JOHANNESBURG (Reuters) — With Prime Minister Hendrik Verwoerd certain to win a decisive victory in today's South African general election, interest is centred on whether he can rally former supporters to his vision of a "white fatherland."

The Negro majority will have no say in selection of the all-white government which will rule the country for the next five years. They have no vote.

Income Tax Table Shows Old And New

OTTAWA (CP) — Following table shows income taxes for 1966 under the new rates announced by Finance Minister Sharp in his budget speech in the Commons Tuesday night.

Comparison is with what would have been paid if there had been no change in current rates.

The federal tax payable does not include provincial income tax or old age security tax but

includes an abatement of 24 per cent in accordance with current federal-provincial arrangements. It assumes the taxpayer takes the standard \$100 deduction for charitable donations.

AFTER CHANGE **BEFORE CHANGE**

| Single, no dependents | \$13 | \$15 |
|-----------------------|--------|--------|
| 1,500 | 26 | 29 |
| 2,000 | 50 | 65 |
| 2,500 | 108 | 110 |
| 3,000 | 158 | 156 |
| 3,500 | 414 | 390 |
| 7,500 | 1,313 | 782 |
| 10,000 | 1,813 | 1,214 |
| 15,000 | 2,602 | 2,396 |
| 20,000 | 5,825 | 5,537 |
| 50,000 | 15,741 | 15,333 |

| Married, no dependents | 13 | 14 |
|------------------------|--------|--------|
| 2,300 | 26 | 29 |
| 2,500 | 50 | 65 |
| 3,000 | 59 | 65 |
| 4,000 | 158 | 156 |
| 5,000 | 278 | 266 |
| 7,500 | 649 | 606 |
| 10,000 | 1,100 | 1,019 |
| 15,000 | 2,314 | 2,132 |
| 20,000 | 5,543 | 5,195 |
| 50,000 | 15,263 | 14,915 |

| Married, two dependents | 20 | 22 |
|-------------------------|--------|--------|
| 3,000 | 53 | 58 |
| 3,500 | 97 | 100 |
| 4,000 | 205 | 199 |
| 5,000 | 554 | 519 |
| 7,500 | 987 | 916 |
| 10,000 | 2,141 | 1,973 |
| 15,000 | 5,334 | 4,986 |
| 20,000 | 15,012 | 14,665 |

Ransom For Miami Boy Increases To \$50,000

MIAMI, Fla. (AP) — The man who kidnapped Daniel Goldman may have been trying to recoup money lost in business dealings with Daniel's wealthy father, Aaron Goldman, a detective said Tuesday.

Set Warren Dalrymple of the fashionable community of Surfside, in which the abduction took place, said the kidnapper told the elder Goldman:

"You don't remember me, but you cheated me out of some money."

Goldman, one of the area's largest apartment builders and a director of a bank which failed in January, had said earlier he had a vague feeling that he knew the kidnapper of his 18-year-old son.

Dalrymple, talking to reporters outside the Goldman home, declined to comment on whether the kidnapper had made a ransom contact.

As Daniel's frightened parents waited tensely for the promised contact, the price of the boy's freedom rose to \$50,000.

"It becomes more disturbing as time goes on," said Sgt. Larry Vardell, spokesman for a 25,000 team of Dade County officers working the case.

County officers and FBI agents came and went at the home of Goldman and his wife, Sally, but Vardell said there was no real significance to the flurry of activity.

A burly intruder who called the Goldmans by name skipped into the home through an unlocked patio door early Monday, awakened them and demanded \$20,000 in cash.

When Goldman insisted that he didn't have the money in the house, the intruder bound the couple with venetian blind cords and forced the muscular, 175-pound Daniel to go with him.

The kidnapper promised to call the Goldmans between 6 and 7 p.m. Monday and said that if \$25,000 — \$5,000 more than his original demand — was not paid by dawn Tuesday his price would double.

"Procrastination Budget" PC Financial Critic Says

OTTAWA (CP) — Conservative financial critic J. Waldo Monteith Tuesday night described the budget as "innocuous, dead-end; full of postponing and staggering." It was a "procrastination budget."

He noted in the Commons that Finance Minister Sharp had said the budget was designed to ease up on the accelerator but not slam on the economic brakes.

"It doesn't matter which the jack is under the back wheels," Mr. Monteith said.

One of the most serious things feared by Canadians is the ever-spiralling increase in the cost of living.

Canadians wanted some relief from this through determined action by the government. This had not been forthcoming.

Disappointment, Premier Declares

If construction of the next phase of the N.B.P.E.I. causeway is as delayed as it is, "very great disappointment indeed," Premier W.R. Shaw said last night.

He said he thought after the delay in getting the project started, there would be no hold-up until it was completed.

"It will be a blow at all our hopes for a reasonable solution to all our transportation problems."

Looking forward to this as one of our brightest forces for industrial development."

The causeway was to be a pipeline as well for electric power for the province. These were two matters mentioned, transportation and electricity. "It is not good."

The premier said he did not have the full story but hoped it was not as serious as he now views it.

He noted there is a serious situation at Borden — Tormentine with old boats on the run and a new one not in sight for a couple of years.

Instead of being completed in 1971-72, the causeway completion date will be much later.

"This is entirely uncalled for, particularly since we are in a designated area with a population desperately endeavouring to promote industry and adequate transportation is necessary. It will hit a blow to this province as an inviting industrial area."

The premier said "we are so dependent on transportation between here and the outside I Kings). The resolutions asked for a full and complete report of the operations of the Fisherman's

Loan Board, the Prince Edward Island Industrial Corporation, the Senior Citizens Housing Corporation, the Crown Building Corporation and the Fathers of Confederation Memorial Trust.

All of the resolutions carried except the one on the Fathers of Confederation Memorial Trust and it was adjourned as the time of the sitting had elapsed.

Premier Shaw said he "entertained some doubts about the future of the complex, we were led to believe the maintenance (of the Memorial Buildings) would never be a responsibility of the Province."

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"We were dumbfounded when we found the cost of the maintenance, and by the attitude of the Federal Government," said the premier.

He explained the province and

the Memorial Trust had been talking with Prime Minister Lester Pearson on this subject and last year the federal government agreed to pay \$100,000, which they later increased to \$150,000. The province paid an \$80,000 grant to the complex, which the premier said was thought to be a "very generous" contribution by officials in Ottawa.

Mr. Matheson questioned where the Memorial Building was, "going to cost the province more money than we can really afford."

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Premier Entertains Some Doubts On Future Of Memorial Complex

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Liberal Leader Suggests Representation To Ottawa

Liberal Leader Alex Campbell commented last night on the press report that the New Brunswick — Prince Edward Island causeway would be one of the federal government projects deferred by the Finance Minister Sharp's budget.

Mr. Campbell said, "if by the statement there is a possibility that construction of the causeway will be slowed down I feel we should immediately make representation to the federal government to insure construction proceeds as quickly as possible."

"Particularly," said Mr. Campbell, "because the level of employment in this area is not as high as in Central Canada. We have been regarding the Causeway as a means by which employment in this area would be increased."

Before commenting further he said he "will be seeking an immediate explanation from Ottawa on the full implications of the announcement."

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Test Pilot Is Missing

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The pilot of the new Canadair Tutor jet training aircraft was identified as Flt. Lt. S. Lumsdaine of Hudson, Que. The senior test pilot at Canadair.

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Liberal Blocks Debate On Capital Punishment

OTTAWA (CP) — Renegade Liberal MP Ralph B. Cowan, with an assist from the Commons' rules — Tuesday choked off debate on the abolition of capital punishment.

After repeated efforts by George Melraith, government House leader, to resume debate on the topic, Speaker Lucien Lamoureux ruled unanimous consent of the House would be required.

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Budget Highlights

Personal income tax increased by varied amounts on medium and upper income brackets, reduced slightly on low incomes, effective June 1.

Changes add \$140,000,000 to personal income tax revenues in 1966-67 fiscal year — just over six per cent.

Taxes on liquor, beer, wine and tobacco unchanged.

Charitable donations deductible from taxable income only where charitable organization files annual returns with government, effective Jan. 1, 1967.

"Don't do it now" measures encourage business to postpone capital outlays, stretch out economic boom.

Special refundable tax of five per cent on corporation cash profits above \$30,000 payable for 18 months beginning May 1.

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