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Sunny with a few cloudy intervals; milder; northwest winds 15. Low-high at Charlottetown 30 and 45.

"Covers Prince Edward Island Like The Dew"

Red Chief Takes Tough Line

TATABANYA, Hungary (Reuters) — Nikita S. Khrushchev warned Tuesday that if "enemies of the working class" tried to organize an uprising in any Communist country they would be given "a well-deserved answer."

The visiting Soviet premier and Communist party secretary declared: "I can tell you with certainty that the counter-revolution will never be repeated in Hungary."

Speaking to some 40,000 workers in this coal-mining centre 31 miles west of Budapest, Khrushchev said the forces of the Soviet Union are ready to give help against "provocateurs."

Khrushchev spoke without notes to a silent crowd at a scene where in October, 1956, there was fighting, strikes and mines were flooded. Only officials of the closely-guarded platform applauded.

The stocky Communist chief took a tough line with the quiet crowd. He told them if they didn't like his critical comments, they could "swallow them all the same."

He was accompanied here by leading officials of Hungary and Russia, including Hungarian Communist chief Janos Kadar, Soviet Foreign Minister Andrei Gromyko and Frol Kozlov, a So-

viet first deputy premier. Security police also were present. "We want to call the attention of those who like to be provocative that we do not advise the enemy of the working class to make any new provocations," Khrushchev told the miners here.

"And if the enemy of the working class or any provocateurs try to instigate a new putsch or a counter-revolution in any socialist country, I call attention from here that all socialist countries and the forces of the Soviet Union are ready at any moment to unite their forces and give help and a well-deserved answer to the provocations."

Remarks distorted Khrushchev, who said some of the local miners had been "slightly mistaken" in October, 1956, as to whether a "revolution" or a "counter-revolution" was taking place, accused Western correspondents of having distorted his remarks in the Danube steel town of Sztalinnvaros last Saturday.

The Soviet leader then told steel workers—"you should not think that if the counter-revolution comes again you can depend on the Russians coming to your help again—you must help yourselves."

Today, Khrushchev declared: "I said to our Hungarian friends in Sztalinnvaros that you should menace your affairs so that there would be no new counter-revolution and we Russians should not be obliged to come to your aid."

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ADJUSTMENT GRANT INCLUDED

Provincial Treasurer Budgets For \$16 Million Expenditures

Millvale Home Destroyed By Fire Tuesday

The home of Mr. and Mrs. Walter Somers of Millvale was completely destroyed by fire Tuesday afternoon.

The fire, of unknown origin, was discovered about 3 o'clock in the upstairs by Mr. and Mrs. Somers who were at home at the time but were unaware of the fire until it had broken through the ceiling.

Neighbours who arrived on the scene were on time only to watch the house being consumed. The two-storey frame dwelling was built ten years ago, and it is understood to have been partly covered by insurance.

The British mastiff, now used often as a watchdog, was originally bred as a sporting dog.

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Teachers' Position Best Of Century, Minister Says

With salaries and supplements next year at Government level estimated "to exceed one-half million by the provincial school districts" you are now in the march of economic progress for the first time in this century," Hon. Keir Clark, Minister of Education told provincial teachers yesterday morning at the initial session of their annual 3-day convention.

The Minister was introduced and thanked by Miss Mabel Matheson, president of the P.E.I. Teachers' Federation.

"Next year salaries will average over \$2,000, an increase of 120 per cent in the past ten years or 163 per cent in the past 16 years," he said.

Inflation considered, you have increased your purchasing power as expressed in constant dollars at least 60 per cent in the past decade, much faster than the rest of the population," he added.

"In fact the average salaries prior to 1920 do not appear to be substantially different from the \$45 salary noted in 1833 or the \$50 salary noted in 1825," he added.

In contrast, Hon. Mr. Clark presented the following statistics on average salaries: 1941, \$524; 1947, \$872; 1955, \$1,614; and 1957, \$1,900.

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HON. MR. CLARK

"However, if they are led to believe that they are not getting value for the money already being spent, that the schools are a mess and the teachers unqualified and inefficient, they will naturally be unwilling to increase taxation and shell out hard earned dollars to further promote wasteful activity."

"I think, therefore, it is up to us in the Department of Education, and you in the schools, to prove the value of our existence and to convince those who provide the dollars for education, that we are using the money provided in proper fashion, and that we could use further money for continued improvement."

The certification board they had requested was in the process of establishment, Hon. Mr. Clark told the Federation members.

"This Board will be known as the Prince Edward Island Board of Teacher Education and Standards," he said, adding that the Federation should nominate representatives to this new board as soon as possible.

The Minister also referred to cumulative sick leave plan brought into force by Order-in-Council shortly after the teachers had asked for this security measure.

"I think you will find we gave you a reasonable and generous sick leave plan," he observed.

"We must look ahead. We cannot revolutionize education in a few months," the Minister concluded.

"Education is a meticulous process," he said, "but with your co-operation, and with your sincere and continued efforts the future of education in this province is bright."

Also heard at yesterday morning's opening session were an address by the president, Miss Mabel Matheson, and a speech of welcome, delivered by His Worship, Mayor Edwin C. Johnstone.

Study Groups, a dinner meeting at 8:30 followed by a social evening, feature today's agenda.

Three Dead, Gas Poisoning Is Suspected

BRYSON, Que. (CP) — Two young men and a girl were found dead Tuesday in a motel bedroom, and a third man was taken from the same room to hospital in nearby Shawville, apparently suffering from gas poisoning.

The discovery was made at 2 p.m. EST by motel proprietor Glen Saunders of this community 50 miles northwest of Ottawa.

Quebec provincial police were called from nearby Campbell's Bay.

The dead youths were identified as Gilbert Racine, 25, and Lucien Racine, 27, both of Otter Lake and believed to be cousins. The girl was Marie-Ange Lemay, 17, of Bryson.

Gravely ill in Shawville hospital is Gerard DuBeau, 25, also of Otter Lake.

Coroner Dr. Frank Cowley of Shawville said autopsies will be performed on the three dead at Campbell's Bay today to determine cause of death.

"There appeared to be no sign of violence on the bodies," he said, "but the propane gas heater in the motel room was turned on full."

"Propane gas, however, is not supposed to kill."

The heater was not burning, the flame apparently either having gone out or not been lit.

The motel was described as comprising a string of individually-heated rooms in one block. All the persons occupying the room were in bed when discovered.

Provision is made for substantial increases in the departments of health, welfare and labor, education and agriculture.

The only appropriation in connection with the proposed Federal - Provincial Hospital Insurance Plan is a sum of \$10,000.

In explanation, Mr. MacDonald said it is not expected that the scheme will be in effect until sometime in 1959 and the allotment is to provide for expenses incurred during the organization of the plan.

"As you know," he said, "this Province has agreed to the broad principles involved, but until the details have been worked out, the costs and benefits cannot be accurately forecast. It has been indicated that the scheme will involve the sharing of certain health services by the Federal and Provincial Governments. Until the cost has been ascertained and officially announced I cannot express my views, nor can we, as a government, make any provision in the budget to implement the proposed services. One thing we do know, it will cost the Province a huge sum of money and just how we can afford it is something that will have to receive careful study on our part and careful explanation to the public."

\$2,717,016 Revenue Surplus Is Estimated For 1958-59

Total expenditures of \$16,028,870 for the fiscal year 1958-59 were budgeted for by Hon. B. Earle MacDonald, Provincial Treasurer, in moving the Legislature into Committee on Supply last evening.

Total revenues are estimated at \$15,173,856. After deducting \$899,250 for debt retirement this will leave an overall deficit of \$155,734.

The proposed estimated ordinary expenditures total \$10,375,870. This compared with the forecast for the 1957-58 year's total of \$9,665,388 shows an increase of \$710,482, or approximately 7 1/2 per cent. After providing for debt retirement a current revenue surplus of \$2,717,016 will be available for expenditures of a capital nature.

It is anticipated that the net debt of the Province as at March 31, 1958 will be \$25,784,833, representing an increase from March 31, 1957 of \$155,734.

"It is estimated that in the fiscal year 1958-59 we shall receive, by way of revenue on current account, \$13,092,886," Mr. MacDonald said. "The forecast collection for the current year 1957-58 will amount to \$10,526,979, so the anticipated increase for the next fiscal year, over and above the \$2 1/2 million from the Atlantic Provinces Assistance Grants, is only \$63,907. After considering actual yields during the past couple of years and current trends, there is every reason to believe that our collections from local sources have now reached their peak."

"The Administration of the gasoline tax," he added, "is still under study and I hope before long to introduce a new system by which many of the present difficulties and annoyances connected with rebates or refunds for non-highway use will be removed."

"We will continue to explore all avenues with a view to securing sufficient revenue to furnish at least, an average standard of services which will eventually lead to progressively higher standards of living in this Province."

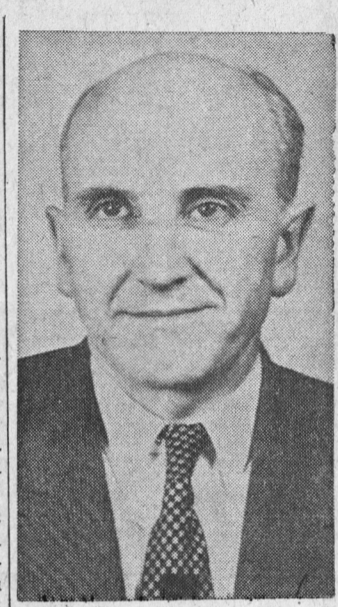
Summarizing the accounts for the fiscal year ended March 31, 1957, Mr. MacDonald said that of a total ordinary or current revenue of \$10,028,147 there was received from the Federal Government through subsidies, tax rental agreements, and other assistance grants \$5,529,055 while the balance of \$4,499,112 came from provincial sources.

"During the period under review (1956-57) our expenditures on current account only came to \$8,601,044 leaving a revenue surplus on current operations of \$1,427,102, after providing \$551,500, for sinking fund purposes.

"In the same year we acquired some \$3,825,000 of fixed and revenue-producing assets. We advanced by way of loans for industrial promotion, and fire fighting equipment another \$106,000; and contributed by way of subsidy grants, assistance to Rural Schools and Rural Electrification another \$940,000, for a total gross capital outlay of over \$4,500,000.

Our total revenue, including capital receipts for the same period was only \$11,538,423.15, with a resultant overall deficit or net increase in public debt of \$1,320,000.

"(Continued on Page 3 Col. 4)



HON. MR. MACDONALD

improvements. The change-over in the method of collection and remission of the tax on tobacco sales has resulted not only in a more efficient and satisfactory method but the public has the satisfaction of knowing that their full tax is reaching the treasury.

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"(Continued on Page 3 Col. 4)

Nfld. Premier Out-Foxed Us Claims Opposition Critic

"Dirty work at the crossroads" was the way Dr. L. G. Dewar described Premier Smallwood's sharing in the Atlantic Provinces grant.

Mr. Smallwood ran off with the prize and no one tried to stop him," he said.

Dr. Dewar fired the first opposition gun of the budget debate in the Legislature last night. He spoke briefly before adjournment at 10 o'clock.

Claiming that the Newfoundland Premier out-manoeuvred the other three Provinces Dr. Dewar went on to quote from Hansard in which Mr. Pickersgill was making reference to statements made by the Prime Minister, Premier Stanfield and Premier Flemming during the November Federal - Provincial conference.

All three speakers, it was indicated by the report, pictured Newfoundland in a class by itself. The view taken was that Newfoundland's case was under review by a Royal Commission and whatever consideration would be given by the Federal Government under an adjustment grant, would not apply to Mr. Smallwood's Province.

Continuing with the report from Hansard Dr. Dewar showed that the Newfoundland Premier made his plea on the basis of being 25 years behind the Maritimes.

The Opposition member pointed out that this was an erroneous comparison on the part of Mr. Smallwood since statistics show that the per capita and family economic level of Prince Edward Island is very little ahead of Newfoundland.

Dr. Dewar said there was nothing to show in the report that any objection came from the Premier of Prince Edward Island that Newfoundland was receiving

consideration under the grant which was originally intended for the three Maritime Provinces.

He said Newfoundland's share of the grant turned out to be \$7,500,000 plus \$1,686,000 under the increase in income tax from 10 to 13 per cent. "If there is any fault to find with the way the grant was divided up," he stated, "it rests with the two Premiers—the Premier of Newfoundland and the Premier of Prince Edward Island," said Dr. Dewar.

The Opposition critic took exception to the statement of the Provincial Treasurer when he said in his budget speech that the Island did not receive anything from the \$62,000,000 gained by the Provinces through the granting of extra income tax concessions.

Dr. Dewar said the 1955 agreement was so bad that a stabilization grant of \$412,000 had to be included to bring the Island up to the \$4,136,000 that it received under the 1952 agreement.

Dr. Dewar argued that without the stabilization grant inserted for the benefit of the Island, the Province would have received only \$3,724,000. He said the gain through the three per cent income tax collections amounted to \$393,000 thus leaving only \$19,000 which had to be paid to bring the amount of the grant up to \$4,136,000.

Premier Matheson: "How much (Continued on Page 2 Col. 5)

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