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Phony Tax Reductions

One of many strong points made by Hon. George Drew in his spirited opening campaign speech at The Forum last night had to do with the income tax reductions in the Abbott budget for the current year.

Hon. Mr. Abbott's last Budget speech argued at length, if not convincingly, that by shifting the burden of taxation from one group to another the Government hoped to moderate the effects of cyclical movements in business activity.

The following figures, from a recent issue of the Globe and Mail, summarize the current and last year's Budget results. The figures are in millions of dollars, and those for 1949 allow for reduced revenue from personal income taxation:

Table with 4 columns: Revenue, Expenditure, Surplus, and Change. Rows show 1948-49 and 1949-50 figures.

It will be noticed that the final figure in the above table, \$487,500,000, may be arrived at in two ways from the other data. It is the spread between lower revenues and higher expenditures budgeted for this year; and it also is the amount by which the surplus of 1948-49 is reduced to get the estimated surplus of \$87,500,000 for the current election year.

To meet this year's higher expenditures, after making a gift of \$369,000,000 in income tax cuts to electors, the Budget can be balanced only by increasing prospective revenues from hidden taxation; further, the cut in personal income taxes and the increase in hidden taxes are directly and mathematically reflected in the figure \$487,500,000, which is the exact difference between last year's swollen surplus and this year's more meagre one.

Regardless of the technicalities of Government accounting, the fact is that taxes were over-collected in one year to make possible a tax cut in the next, although taxation in the form of hidden levies is actually increased.

The cyclical Budget theory advanced by the Finance Minister, therefore, means that over the two-year period there has been no reduction in taxation, but that, on the contrary, there has been an actual increase in taxation. And that increase is to be provided from the most noxious of all tax sources, the hidden levies such as sales and excise taxes which are hidden in prices which the consumer must pay for goods and services bought to maintain his home and his business.

The disbursement of \$250,000,000 of refundable personal income taxes collected in the war years is just additional icing on this unpalatable cake. Repayment on the eve of a general election of these forced loans for two of the war years could be calculated to conceal the fact that the net result of our last two Budgets has been an increase in hidden taxation. Moreover, if the collection of hidden taxes in the third fiscal year of the series, 1950-51, is not further and very substantially increased, a whopping deficit is in prospect.

"There can be no other conclusion," says the Globe and Mail, "than that Mr. Abbott's theory of cyclical changes in taxation is phony from beginning to end. The institution of the Budget has thus degenerated into a combination of boodle-beg for election purposes and a screen to conceal the basic fact that when a Government budgets higher expenditures it also must budget for higher taxes—in this case, taxes that are to be hidden in prices."

Those Flying Saucers

The United States Air Force has devoted time and labor to investigations of those "flying saucers" which have perturbed millions of people on this continent in the past two years, and now makes public some of its findings. It has followed about 270 leads in the United States and Canada, and sought to trace the flight or arrival of innumerable flying discs. It has discovered that three pilots have met death during investigations of these phenomena.

The notion that these missiles were of foreign origin is "being considered." The report has an amazing comment on this aspect of the discs: "But the reported performance of the discs is so superior to anything we have yet approached in this country, that it is considered only an accidental discovery of a degree of novelty never before achieved could suffice to explain such devices."

"The 'flying saucers' remain mysterious and unexplained. They were not merely figments of the imagination, phantasmal visions of unstable people. Sober inquiry on the spot has proved that many of the reports were fully explainable in simple and logical terms. But not all of them. Where there was smoke there was also fire. That scientists should seriously consider them as 'visitors from Mars' suggests real concern. In the past the majority of reports of seeing these discs have been made in summer, and in the next few months we may have new reports, and possibly more facts as well."

Impressed By Difference

The St. John's Evening Telegram quotes Premier Jones as stating at the Newfoundland Liberal convention recently that in its negotiations with Ottawa the delegation from Newfoundland had gained more from union than had Prince Edward Island, despite the older Province's repeated commissions to Ottawa.

This is a good point to press home at Ottawa. It is also a good answer to those who may be disposed to argue in the present Federal election campaign that the Dominion Government treated this Province "generously" in its tax agreement terms. That has been said frequently by Liberal spokesmen in the Legislature; but Premier Jones knows better, especially since his visit to Newfoundland, after hearing other speakers describe the lavish treatment of Ottawa toward our new sister Province which was the theme of many complimentary remarks at the Liberal convention.

EDITORIAL NOTES

The battle of the ballots is now on.

Great War II in Europe ended this date 1945.

"Liberals in a hurry," and "Socialists in Low Gear," are one and the same; "Fellow Travellers" as the Communists would describe them.

The Musical Festival is away for another year, leaving very pleasant memories of something attempted, something successfully done to the credit of all concerned.

Progressive Conservative Leader George Drew having fired the first big gun of the election campaign here, Messrs. St. Laurent and Coldwell have an impressive mark to aim at.

There appears to be something wrong in C.P.'s itinerary forecasts. Though both Col. Drew's and Mr. Coldwell's organizations announced the opening of their campaigns here scant attention to this fact was given by C.P.

The Junior Chamber of Commerce of Canada has come up with a "gastronomic" map of Canada to lure the dollar spending tourist. Prince Edward Island is represented by Clam Chowder, Atlantic Style. That should certainly lure home at least Islanders abroad.

The proposed development of the Brighton area discussed by the City Council last week must give some encouragement to the advocates of planned expansion. All too often it has been a case of individuals building first where they pleased and then expecting the city to supply the necessary services.

The timing of the announcement by the Fisheries Prices Support Board that it would not buy this season's pack is to say the least astonishing. To announce on the eve of a general election that a large body of voters is to be cast adrift financially is a political error that Mr. MacKenzie King would never have been guilty of.

President Truman of U.S.A. born this date 1884. Began life as a dry-goods store-keeper, entered politics, then entered the army in World War I. Was elected to the Senate, then Vice-President in F. D. Roosevelt's government. On the death of the latter he automatically became President and was returned in a Democratic landslide for a second term in November last.

Recent tests made of the use of insecticides in keeping down ravages of insect pests on the total production of a crop showed that soil inhabiting pests do far more damage than formerly believed. Ten years ago the bureau of entomology and plant quarantine of the U. S. Department of Agriculture estimated losses caused by some 60 or more important insects at about \$1,500, millions annually. As the result of new studies these losses are now placed at \$4,000 millions.

Mr. Leo P. McIsaac's transfer from the Provincial Department of Agriculture to the Federation of Agriculture, leaves the Department without a trained agriculturist to assist Professor Walter Shaw in administration. It was expected that Mr. Creed, who graduates from Macdonald College this month would have been available, but Nova Scotia Department has offered him \$750. per year more than our Provincial Government was prepared to foot the bill for. Mr. McIsaac is an exceptionally able official and the Federation is fortunate in obtaining his services.

Guest of honour at a directors' meeting of the Canadian Press in Toronto last week was Mr. Walter Thompson, public relations chief of the Canadian National Railways, who has completed thirty-five years of service for the line. Mr. Thompson is known by newspaper men across Canada for his competency and courtesy, and his long record in a post requiring all the tact of an ambassador and the ability of a first-class executive has been outstanding. May his by no means attenuated shadow never grow less!

Premier Jones was certainly correct in telling the Newfoundland Liberal Convention that their Province is being treated much more generously by Ottawa than has Prince Edward Island. In the current fiscal year Federal expenditures in Newfoundland will exceed \$55,000,000, and revenues will not whittle down that sum appreciably. In the first 12 years of union, federal transitional grants will total more than \$42,000,000. The federal authority, too, has assumed \$63,000,000 of Newfoundland's \$72,000,000 public debt.

The Poets Corner

CHINESE PORCELAIN
Beneath the brittle fruited trees
He takes his strolling ease
As old men do on sunny days
In lazy shadows at crossways.

Old Charlottetown

In the House of Assembly, April 15, 1948. The following motion was adopted on the casting vote of Mr. Speaker, the members being divided equally, 10-10, on the question: "Resolved, That all articles, the growth, produce or manufacture of the Province of New Brunswick, shall be allowed to be imported duty free into this Island provided that Province shall allow articles of the growth, produce or manufacture of this Island, to be imported free of duty into the said Province of New Brunswick—spirituous liquors excepted."

The Head Office Of A Bank

(Monthly Review of the Bank of Nova Scotia)
To most Canadians "the bank" is the particular branch bank with which they deal whether it is a large city branch or a small branch in a country town. It is the branches of the chartered banks which accept the deposits, make the loans and provide the other banking services for the public. But, as the recent Monthly Review of the Bank of Nova Scotia points out, there is much more to a Canadian bank than is apparent to the customer at the branch counter.

Bank deposits are in total of course much in excess of bank loans and it is the task of Head Office to invest this large surplus so as to maintain a balanced sound structure of assets. Some of the depositor's money has to be kept in the form of cash to meet day-to-day withdrawals. Over long years of experience the banks have found that if they keep around 10 per cent of their deposits in the form of cash and deposits with the Bank of Canada, they will have ample immediate resources to meet the public's demands in good times and bad. Deposits are also put into highly liquid assets, such as Treasury bills, and large amounts are invested in comparatively short-term Government securities.

The cash and investment position of each bank is scrutinized continuously. Every day an estimate of the cash position and of the ratio of cash to deposits is made. Once a week a more precise calculation is made, based on fuller returns from the branches, and once a month a complete return is compiled. Guided by these day-to-day and week-to-week estimates, which are remarkably close to the fact, and armed with a thorough knowledge of forthcoming redemptions of securities, repayments of loans, and expected new loans and deposits, the Head Office management is constantly making the decisions required to maintain the cash position and to put surplus funds to work.



The Age-Old Story

He will regard the prayer of the destitute, and not despise their prayer.

PRESERVE BLITZ GARDEN

LONDON, England—(CP)—A City garden, laid out by fire-watchers during the off-spells in the 1940 bombing of London, will become a permanent war memorial. The garden was made by fire-watchers from the Goldsmith's Company, whose hall is nearby.

TEST WOOL FABRICS

GEELONG, Australia—(CP)—A fabric-testing machine, which will enable loads up to 1,200 pounds to be applied showing gains or losses in the strength of wool fabrics, is being imported from Britain.

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Notes By The Way

Possibly there may be many people who cannot understand why the discovery of crude oil and the proving of an estimated 600,000,000 barrels of oil reserves in the new oil fields of Alberta has created the necessity and the urgency for construction of a pipe line to transport the oil. The primary reason cannot all be attributed to high railway freight rates, though that is a big factor. The actual reason is that the discovery of the vast oil reservoirs of the Leduc and Redwater fields has brought about revolutionary changes in the oil industry in Canada, and in effect revolutionary changes are already in progress in the entire economy of the West. — Moose Jaw Times-Herald.

If the hopes of a leader of the Victorian Order of Nurses are realized, Winnipeg fathers should soon be in a position to get some expert advice on the approved methods of diaper folding and formula making. The Order is already providing such a course of instruction to fathers-to-be at Saskatoon and from all accounts it is going over well. In addition to receiving instruction in baby care, the men are also given pointers in care of the mother. Even now, many new fathers manage to become reasonably proficient at the art of tending to the wants of a new baby and giving the mother a chance at some much-needed rest. But the present method of instruction, training on the job, leaves quite a bit of room for improvement. — Winnipeg Free Press.

Overcrowding in mental institutions is a problem which is worrying many thoughtful people on this continent. Articles in periodicals and pictures like "The Snake Pit" have made more people conscious of this than formerly. It is generally recognized that more should be done, but public apathy has blocked the door. Dr. Morris Fishbein, editor of the American Medical Association Journal, suggested a logical approach to the problem. He would have more attention paid to mental hygiene in children as a means of preventing development of mental cases in later life. This seems sensible enough, even though it is hardly new. But the problem of securing adequate skilled personnel to handle such work is not a simple one. The teaching of mental hygiene is a delicate one, and would require training and aptitude on the part of a special staff. But it would be obviously a more satisfactory method than shoving adult patients into institutions where, as Dr. William C. Meninger, president of the American Psychiatric Association, says, not enough money is available to do much more than keep the unfortunate patients alive. Prevention should be cheaper, as well as better than attempting to cure established mental ills. — London Free Press.

Paul Robeson tells the Communist-backed "world peace conference" at Paris that American Negroes will never fight the Soviet Union. This brings a speedy report from Walter White, secretary of the National Association for the Advancement of Colored People. Robeson, he says, does not speak for the overwhelming majority of the 14 million American Negroes. In the event of any conflict the United States has with any other nation, White says, "we will regard ourselves as Americans and meet the responsibilities imposed on America." That is well spoken. It will not please the delegates to the phony Paris Peace Conference, to be sure, because it is not slanted toward the Kremlin; but it is the forthright statement of a thoroughly American position. Paul Robeson is a remarkably gifted vocalist who sings "Ol Man River" with tremendous feeling and power. It is too bad that his ideological renditions sound, quite frequently, like "Ol Man Volga." — Minneapolis Tribune.

Across the sea in Newfoundland, there is some perturbation over our day of national celebration, July first. For the Islanders observe their Memorial Day on that date and are not inclined to change. Memorial Day, by the way, commemorates the "July drive" on Beaumont Hamel in 1916, in which the Royal Newfoundland Regiment was almost destroyed. Alternative dates are March 31, to mark the date of entry into the Dominion of Canada, and June 24. This second date is already celebrated as Discovery Day, in token of the landing of John Cabot, but Ewart Young, editor of an island magazine, suggests it as a suitable occasion. Being in summer it would be more appropriate and closer to our own national day. This, of course, is all an invocation of the national spirit of the island. July the first is Dominion Day, a statutory holiday, and while some of the Islanders may not choose to observe it as such they cannot prosecute any who do. It should not be incompatible with the long history of the colony or the great tradition of the Royal Newfoundland Regiment to combine the two memorials in one. In all probability these new Canadians of the tenth province will one day join with us in celebrating the first of July, although it may take them a little time to accustom themselves to the new date. — London Free Press.

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