

GRAND LODGE FUNERAL NOTICE

A special communication of Grand Lodge A. F. and A. M. will be held in the Masonic Temple, Charlottetown, on Sunday, February 13, 1938, at 1 o'clock p. m. for the purpose of attending the funeral of our late Brother, Judge W. S. Stewart, P. G. M. Master Masons invited to attend.

Additional Developments Are Awaited

(Continued from page 1)

out of a reorganization. He said Polish Jewish circles were responsible for the report of a garrison troops, having a strong arm, charged and the closing of Germany's frontiers.

See Further Changes

Foreign military observers are inclined to the view that some shuffling of officers automatically must continue German army men reason, however, that while there may have been some regrettable victims of Hitler's unprecedented action the organization of the High Command essentially has remained intact.

Friction Disappled

The friction which was known to have existed between Marshal Werner von Blomberg, the resigned war minister, and General Werner von Fritsch, the resigned army commander-in-chief, has been smoothed away in the relations between Keitel and von Brauchitsch.

Personals

Mr. D. L. Matheson, Charlottetown barber, was a member on the Canadian Airways plane to Montreal yesterday. He was enroute to Montreal.

INCORPORATED HERE

(C. P. by Guardian's Special Wire) OTTAWA, Feb. 11—Notice of incorporation of International Holding Limited, 1,000,000 shares, N. P. V. Charlottetown, is given in the current issue of the Canada Gazette.

S. P. C. A. APPEAL

Make all donations to H. A. C. Smith, Manager Canadian Bank of Commerce, Treasurer, 5.00 Dr. Robins 5.00 1-3611.

Too Late to Clasp

SIX HORSES FOR SALE including choice Percheron mare (black) 2 years old, Walter S. Weeks, Kensington, L-3624.

BIRTHS

BROWN—At the Charlottetown Hospital, Feb. 8, 1938, to Mr. and Mrs. Thomas Brown, a son.

DEATHS

STEWART—At 294 Richmond street on Friday, February 11, 1938, William S. Stewart, former judge of the Queen's County Court, in his 62nd year, funeral from his late residence on Sunday, February 13, services starting at 2 o'clock funeral leaving at 2:30, Interment Sherwood Cemetery.

Card of Thanks

Mr. and Mrs. J. P. La Vie and Family, Souris, wish to thank their neighbors and friends for all sympathy and kindness received during their recent bereavement. L-3619-2-12-11.

N. D. MacLean

UNDERTAKER EMBALMER Charlottetown and North Wiltshire Phone 149

FEDERAL PROPOSES POLITICAL UNION OF THE MARITIMES

(Continued from page 1)

would be to the disadvantage of Prince Edward Island. "We are in a different position, as I have said, to the other Provinces. We have no natural resources such as they have, and we cannot stand such a heavy per capita indebtedness as the other Provinces presumably can and do undertake.

Interests in Common

"For these reasons it is really impossible, so far as I can see, that we should contemplate the defining a union with the other Maritime Provinces. Of course we have a great many interests in common and we are willing to, and do, cooperate to a large extent with our governments and people in making our claims to the Dominion and in advancing the common interests which have developed among the peoples of the Maritimes.

The Dominion Viewpoint

The Chairman: "The net result of your submission, so far as financial terms are concerned, would be a relatively substantial revision of the Dominion contribution to the revenues of the Province. Where is the Dominion to get the money for this and for the claims of the other provinces? The Dominion has been running in debt at a very rapid rate. The public debt increased in six years, from 1930 to 1936, by \$28,000,000. It is not to be thought that the Dominion cannot do on at that rate or she will find herself in the same position as some of the Provinces. It must seek to balance its budget, and one would think to reduce the enormous public debt. Have you any suggestions as to where the Dominion will get the money to meet these claims?"

"My only suggestion is that the condition of the Dominion finances is due to emergency conditions created by the recent depression in years previous to 1930. The Dominion finances were satisfactory and during the years following the depression the stated Dominion contribution to the Dominion has been progressively and very rapidly improved until they are again on a satisfactory basis."

The Chairman pointed out that even during the last two years, the Dominion contribution to the Dominion has not been as satisfactory as the Dominion contribution to the Dominion.

Smuggling Not a Claim

Commissioner Sirols called attention to a statement in the brief in the Dominion contribution to the Dominion of the National Police, which read: "As a separate unit, Prince Edward Island might have formed a separate base for smuggling operations."

Land Purchase

Mr. J. M. Stewart, K.C., Commission Counsel, asked for further information regarding the purchase of the lands at Confederation. He suggested that the tenants were the ones who had benefited by the purchase of the lands.

Deceased Companies

Taxation was discussed at some length. Mr. Stewart asked for information regarding the Deceased Companies Tax. The Premier explained that it was a form of tax which was levied on the revenue in 1936 was \$89,000. He explained its operation.

Antiquated Attention

Mr. Stewart called attention to a Dominion Statute of 1901, to the effect that the sum of \$30,000 had been paid to and accepted by the Province in settlement of the claims of the Dominion for non-fulfillment of the terms of Confederation between the Island and the mainland.

The Fiscal Report

Mr. Stewart, K.C., said that according to the brief, the Province had been perfectly capable of working out her own destiny, which might have resulted in greater financial progress. He cited pages 8 and

10 of the Duncan Commission report of 1929 as being inconsistent with this claim. Premier Campbell: "Quite inconsistent; but I cannot help feeling that the Duncan Commission was wrong on the particular point. It seems to me that the statement is rather inconsistent with the attitude which they themselves take, because they took the ground that the terms of their commission did not empower them to study the relation of the Canadian National Policy upon the Maritime Provinces, and therefore I don't see how, without a study of that policy they would be able to come to the conclusion that Confederation was not responsible."

Confederation Not Responsible

The Chairman: "Confederation was not responsible for the National Policy. The National Policy was adopted ten years after Confederation, and two of its leading exponents and advocates—perhaps more—were very outstanding Maritime men, the Hon. Norman Macleod and the Hon. Norman Rogers, who were members of the Dominion Government at the time of its adoption."

School Subsidies

Mr. Stewart asked several questions with regard to the school system. Mr. Rowell said that there was great inequality among the districts, but that, generally speaking, the Province dealt with them on an equal basis as regards money to teachers.

Mr. Stewart said the brief advocated a general standard of education for all Canada. In view of the fact that in this small Province, such an achievement would be very difficult. The Premier admitted this to be the case.

Mr. Stewart asked whether the question of education had become a major issue in the Province.

Mr. Stewart: "Has any study been made as to technical education requirements?"

Mr. Stewart: "Our feeling is that it should be more or less confined to agriculture and fisheries, because of the fact that there would be to induce young people to leave those industries and congregate in the cities." He cited the program followed in the federal youth training scheme.

Unemployment Projects

Questioned with regard to unemployment projects cost to Province, 1936-37, of \$1,473,248, cited in the brief, the Premier said the latest single item was the construction of a highway from Borden to Charlottetown, which cost the Province approximately \$50,000.

Mr. Stewart: "The Dominion paid 35 per cent?"

Mr. Stewart: "Approximately, yes."

Mr. Stewart: "Can you estimate what part of the cost was due to the fact that the work was laid out for unemployment relief?"

Mr. Stewart: "Probably one third."

Mr. Stewart: "Six or seven years?"

Mr. Stewart: "I notice that in the model budget for 1937-38 you show a drop in the revenue here."

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matter it wished to submit. It has been in writing and would now be placed in the Commissioners' hands. "The suggestion has been made to me," he said, "that the matters mentioned here by white members of the legal profession may not be known to the public generally, either within or without the Province, and that conceivably it might be in the public interest that they be discussed publicly. I am quite willing, if it is considered in order, to deal with it, either by public discussion or by a report."

The Chairman: "We haven't yet seen the submission, so I cannot express any opinion on it."

Old Age Pensions In the concluding section of the Government's submission Premier Campbell said that the Dominion had in effect been forced into participating in Old Age Pensions. The Province had been given to believe that the Dominion would assume the bulk of the cost.

"You don't consider the Dominion can be held responsible for promises made in elections, do you?" asked the Premier.

"I suppose that the Dominion on the whole can't be made legally responsible," the Premier said.

"I think you have to go further; not morally private, but legally. If governments were made responsible for all that is said in elections, I am afraid all of Canada would be bankrupt before this time."

The Premier referred to the increase of from 50 to 75 per cent in the Dominion contribution to the cost of the pension. He claimed that the Province, because of a dilemma, "We could not afford even 25 per cent, but the Dominion really took the money out of the Province by saying that the Province would have to pay its share of the contributions to other Provinces. The Provincial Government had to adopt the scheme as a matter of self-protection."

"Self-protection for its own voters?" Mr. Rowell asked.

"No, but we were going out to get it, and we were coming back," the Premier said.

"Does the same apply to other conditional subsidies," asked Commissioner Angus.

Mr. Stewart: "I don't think the Province would have any objection to the granting of a more or less uniform salary to contribute less than they otherwise would need to."

Mr. Stewart said the brief advocated a general standard of education for all Canada. In view of the fact that in this small Province, such an achievement would be very difficult. The Premier admitted this to be the case.

Mr. Stewart asked whether the question of education had become a major issue in the Province.

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nized it had been tacitly recognized. In the past, there had been a tendency of certain provinces to ask for concessions behind the back of other provinces. This condition would be remedied by the appointment of a Loan and Grants Council.

Willis the provinces are desirous of keeping their expenditures within a minimum, some have not expressed that desire in action as effectively as others.

National Policy The Premier then discussed the effect of the National tariff policy and referred to a recent statement made by Hon. Norman Rogers in the Federal Parliament, to the effect that as a result of that policy, certain industrial conditions had arisen, they had been founded on delicate adjustments, and it would be unwise to make any sweeping changes.

The Premier said that with changes of government there had been changes in tariff policies to some extent. At one time they were high, and then they were low, a sort of see-saw effect. He believed that within the National Policy there was room for adjustment and improvement.

A Federal Matter Chairman Rowell said he wished to correct a misunderstanding that this question had been raised by the Commission. He had been told by the Western Provinces that a reason of a submission of Manitoba and Saskatchewan in which they argued for a reversal of the federal tariff policy, trying to press on those Provinces, he explained, "I pointed out that this Commission had nothing to do with the tariff as a matter of federal policy, but as a matter of responsibility for the Government and Parliament of Canada. It was, however, within the scope of our reference to consider the effect if it was shown that portions of the country suffered, or benefited less than others, and that it affected their capacity to pay taxes."

Education Standard Slipping? The Chairman asked the Premier whether he believed that the standard of education in Prince Edward Island was as high as it was a few years ago, or has it been slipping.

"I would be rather afraid to state that our education standards have been maintained," the Premier replied. "Possibly the opportunities are extended to a greater number at present than they were thirty or forty years ago, due to developments in transportation and other standards of living. But as to educational standards apart from a few of the central institutions, I am doubtful if they have advanced."

The primary cause, he suggested, was the lack of funds. What is known as a second grade teachers' license is normally granted to a student who is successful in the first year of Prince of Wales College, which is one year in advance of the highest grade of the ordinary school.

As a matter of fact, however, there was not even that minimum service. Temporary third class certificates were granted to many teachers in rural areas who had not even one year's training in advance of the classes they were teaching, he said.

This situation was not due to any temporary emergency, as in Western Canada, but had been the case over a long period, he stated.

The result was that a minority of teachers were satisfied to continue indefinitely in working paying so little. Of the 657 teachers in the Province, 126 were in the first year, and 100 had only one year's teaching experience. Of the total, 468 were young women, many of whom were in their teens.

The Premier advised that the Dominion grant of approximately \$200,000 a year for educational purposes in the Province; \$138,000 of this to be devoted to increased salaries and standards of teachers in the primary schools. Any grant or subvention made by the Dominion should be earmarked for education.

"Isn't the effect of your argument that the Provinces can't be trusted to provide adequately for education out of the general budget?" asked Mr. Rowell. "If that is the case, why aren't you diminishing the provincial share of responsibility?"

Mr. Campbell agreed that there was a possibility but on the other hand, felt there was a Dominion responsibility. He was going on the assumption that the B.N.A. Act would be amended to give a grant to that responsibility would be recognized.

"The Act is amended," said Mr. Rowell. "I should think this would be the last provision to be amended."

Inflammable Commissioner Angus: "If the local communities were relieved of their obligations for unemployment relief, would they be as much inclined to give up their own education?"

Mr. Campbell: "I think the Dominion would keep that down."

"Except at election time," Commissioner Angus remarked.

Blames Prohibition Commission Premier Campbell complained of the necessity of over-lapping in the administration of quasi-criminal legislation, much of which had to do with intoxicating liquors. The R.C.M.P. have to take three weeks to get a grant from the Provincial Attorney General, and from the Revenue Department at Ottawa. This led to difficulty and confusion, which hampered justice administration.

"Up till recent years," the Premier argued, "we had in this Province under the Attorney General's department a Prohibition Commission, and under its control was a special force of police officers; so that there was not only a different prosecuting authority but also a different police authority. That has been remedied, and now all the laws are enforced by the R.C.M.P. and all the provincial laws by the Attorney General's department."

Morning Session When the Commission resumed its hearings yesterday morning, the Premier recapitulated the position stated Thursday with regard to capitalization of subsidies.

While the brief endorses the proposals under the condition of the submission, it gives no details of the manner in which it will fit into the existing scheme.

A question has been raised whether it is an alternative suggestion, or is an addition to other submissions. The answer was difficult to give in a single sentence. The benefits, of course, would depend on the variety of circumstances such as rate of capitalization and the rate of interest paid by the Dominion to the Province. It is little, said the Premier, to make any calculations as these may be upset by a change of rate. Any benefits which the Island might derive from a grant of a percentage on the basis of fiscal needs.

The Government would strongly urge the establishment of a Loan and Grants Council, which would advise on all financial arrangements between the provinces and Canada with respect to subsidies, loans and other subventions.

Mr. Rowell asked if a Province might not be a danger of competition between the provinces using for additional grants.

The Premier replied that the danger would be minimized by such a council. He said that in the past, whilst the principle of fiscal need had not been overtly recog-

reflection on a Government of the Province that the teachers cannot look to the Government to see that they are protected. This is a reflection on the Government, my lord, and partly on the public who elected the Government. "The Premier said: "Perhaps much more on the public who elected the Government!"

Public Services The public health question was discussed. The Chairman asked whether the overlapping of the provincial and federal services would be helped by Dominion dropping out of the field.

The Premier replied that he did not think this would be wise. The Dominion had facilities which enabled it to deal more fully with problems of research and experiment than the Provinces could afford.

Figures showed that old age pensioners in this Province received payments on a maximum basis of \$160 per year as compared with \$240 in other Provinces. The average monthly payment was \$10.63 as compared with \$13.50 in New Brunswick and ranging to as high as \$19.20 in British Columbia. It was known that the Dominion would make uniform maximum for each Province but this Province had shown that such payment here would entail an expense on the Province which it would not be able to meet at the present rates it is putting a heavy strain on the finances.

Dealing with Public Services the Premier told the Commission that the salaries paid were much lower than those which prevailed elsewhere.

Mr. Rowell reminded the Premier that public servants in other larger provinces were given responsibilities, and should be reimbursed accordingly.

The Premier replied that the minimum model budget was not based on those paid elsewhere but on the lowest possible requirements.

Prince Edward Island paid its share of the relief costs without resort to borrowing from the Dominion as did some others, and if it were decided that the loans of the others should be repaid, this Province would have returned to it the money which it had spent out of its own funds.

"But on the principle of fiscal need objected," the Chairman said, "wouldn't that depend on whether you need it as much as the others do?"

Mr. Campbell: "I must admit that principle, but I don't think we have the fiscal need. Commissioner Dafoe: "But you can meet the conditions."

The Chairman: "There may be conditions existing in Saskatchewan or Manitoba which differ. Their financial position might indicate a condition more serious than that of this Province, so far as I am aware."

Mr. Campbell: "Of course that possibility is open on the very principle which I have stated, but I think an extension of our own condition would show that we have a fiscal need equal to, if not greater than, other Provinces. I am afraid we get too much credit—or debit—for our present condition. I must insist that the conditions, particularly in certain parts of this Province in certain parts, are anything but good, and that the conditions are very great at the present moment, not only from the standpoint of governmental fiscal need, but from the standpoint of persons who verge on the border of necessity."

"This is not a claims commission, the Chairman said in further discussion of a commission to deal with the financial relations of all the Provinces. Your reference to the matter is relevant in that it indicates a point of view that indicates a situation of the basis, and that on the basis of fiscal need your subsidy is inadequate."

"Fiscal Governments Premier Campbell cited the Duncan Commission report, 1926, as the basis of a financial relations commission. The White Commission had made a similar finding in 1926. Not only had expenditures been kept down, but this had been done by a constant ever-increasing demands for public and social services.

On the other hand, he insisted, in this Province every available source of revenue had been exploited to the fullest degree. In connection with the succession duties a comparison with the Ontario situation was presented in statistical form.

With regard to income tax, the Premier said it was proposed to make a further slight extension of the exemption to dependents this year. The proposal is to extend the interpretation of dependent to coincide with the Dominion legislation. The exemption is now approximately one-half the Dominion. The Province is entering into an agreement with the Department of Finance whereby the Dominion will receive the provincial income tax and comparative statistics will then be available.

The Premier said he would be glad to appear then, suggested the Chairman.

Taxing Everything Reviewing other taxes, the Premier stressed the high rates and long exemptions to show that the Government was now taxing practically everything "tangible and intangible."

The Chairman said that on the Board of Trade president's computation, a farm of 100 acres and holding would be worth about \$5,000. He thought that valuation pretty low.

I think the pre-depression valuation would be from \$7,000 to \$10,000, said the Premier. "But under the present market conditions, the estimate made by the president of the Board of Trade would be fairly accurate. The land tax valuation, he explained, would be from two-thirds to three quarters of the actual value.

Commissioner Dafoe: "Who makes the assessment? The school district?"

Mr. Campbell: "The local school district makes the assessment for their own purpose. The Provincial Treasurer makes the assessment for provincial taxation purposes, but he acts through the local collector appointed in each riding division. Periodically there are special officers appointed who make a general revision of the whole system. That has not been done for a considerable number of years."

Farmers & Income Tax The Chairman: "Does a large

number of your farmers come under the Income Tax Act?" Premier Campbell: "I think they are, especially those who are fox ranchers. But the machinery for collecting the Income Tax has been anything but satisfactory. While a certain number have not income tax, I think I am safe in saying that a great deal larger proportion would be able to pay the scope of the Act if it were properly administered."

Statistics labour the Premier described as "a wasteful system of tax collection." A former system had made a "valiant effort" to carry on without it, but the system had been re-instituted in 1931. Under the new system, he said, a great extent, he admitted, there does not seem to be any opportunity of getting away from the system.

"Really a Poll Tax?" "What about the Road Tax?" the Chairman asked. "What is that?"

The Premier replied that it was really a poll tax of \$2.00 which was name was felt to be "invidious" and another was adopted. It was a rural districts between the ages of 21 and 65.

Skunk Bounty Being an item in the Model Budget for skunk bounty, Commissioner Sirols inquired how it was if we had skunks on the Island.

The Premier admitted he had explained the situation, and the effort made to keep "booby" skunks out from other provinces.

"Politics?" The Premier made some reference to the provincial debt having been increased by "certain promises" made with regard to road projects.

The Chairman: "What are you referring to?"

Commissioner Sirols: "What are you referring to?"

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