

LIBERAL GOVERNMENT STILL "IN THE RED"

MCCALL IS SENTENCED TO DEATH

Prisoner Unmoved By Sentence

(A. P. by Guardian's Special Wire)
FRANKLIN, June 16—Franklin Pierce McCall was sentenced to death today for the kidnapping of Jimmy Cash, a crime the presiding judge called "the most cold-blooded thing I ever heard of."
 Cold-blooded too was the 21-year-old prisoner's mien as he stood erect with clenched fists resting on a desk and heard his doom without a word or change of expression.
 Late today C. A. Everett, a Jaspier, Fla., attorney, said he had been retained by the family to seek a reprieve before the State Pardon Board.
 The judge directed that McCall be electrocuted at Raiford State Prison at a time to be set by the Governor and concluded "may God have mercy on your soul."
 In his trial, McCall testified he stole the five-year-old boy from the Cashes' Princeton home May 23 and "miswrote" the victim by accidental suffocation a few minutes later. He subsequently collected \$10,000 ransom.

NEW MEMBERS ADMITTED TO TRADE BOARD

Steamship Company Complains Of Alleged High Cargo Handling Charges Here.

Routine business was transacted at a meeting of the Charlottetown Board of Trade last night. Lieut. Col. G. E. Full, president, was in the chair. Messrs. Joseph Bragg, Albert Mackinnon and D. A. MacKinnon were made members of the Board. Correspondence included a letter from Capt. Mitchell, New Jersey, stating it was the intention of himself and a group of associates to revive a steamship service similar to the Old Plant Line, between Charlottetown-Boston and intermediate ports. He asked information concerning possible traffic. The secretary was instructed to reply.

Airways Official To Confer With Council Re Airport Project

Mr. G. G. Wakeman, inspector of airways in the Department of Transport enroute here, according to information received yesterday by His Worship Mayor E. A. Foster. The airways inspector will confer with Mayor Foster and members of the City Council and give full information relative to assistance rendered municipalities in airport development. The Federal Department. The telegram which was from the Deputy Minister of Transport in reply to one sent Hon. Howe earlier this week, by His Worship, stated that \$25,000 was available for airport development here during the present fiscal year.

SCAN SKIES IN YELLOW RIVER FLOOD THREAT

Japanese troops and hundreds of thousands of Chinese peasants in flooded and threatened areas anxiously scanned the skies, aware that more rain now would raise the waters of the Yellow and Yangtze rivers and sweep away weakened dikes.
 The mighty silt-laden Yellow River "the unmanageable," as Chinese have known it through centuries—spread death and destruction over a 500 square mile area, reaching southeastward through Honan Province villages and farms to surge against the walls of Chowkiakow, nearly 100 miles from its normal banks.
 The flood-torn was between 10 and 20 miles wide. An estimated 50,000 lives already have been lost. Approximately 300,000 Chinese have been driven from farms and homes in 2,000 villages.

Government Troops Attack In Effort To Halt Insurgents

(A. P. by Guardian's Special Wire)
HENDAYE, France, June 16—The Spanish Government's eastern armies counter attacked along the Mijares River today in an effort to ward off the insurgent advance southward toward Valencia.
 Government dispatches said the village of Villarreal, 35 miles north of Valencia, had been recaptured from insurgents who swarmed across the river and spread out for a mass drive of the south.
TWO-EDGED OFFENSIVE
HENDAYE, France, June 16—Spanish insurgent eastern forces swarmed across the Mijares River south of Castellon de la Plana today in an offensive against Valencia.
 Northern and southern forces struck simultaneously through the Pyrenees and Cordoba Province in drives against weakening Government defences on two other fronts.

Dunning Budget Offers No Substantial Relief To Burdened Taxpayers

Tariffs And General Sales And Income Tax Rates Unchanged From Sky-high Level Of Last Year. Finance Minister Budgets For \$23,000,000 Deficit And Warns Of "Difficulties" In Way Of Better Trade Terms At Washington.

Anticipation of relief from onerous taxation burdens—resulting last year in tax collections of \$448,652,000, an excess of more than \$62,000,000 over the preceding year—were disappointed in the budget speech delivered in the House of Commons yesterday by Hon. Charles A. Dunning, Dominion Finance Minister.
 Budgeting for a deficit of \$23,000,000, Mr. Dunning announced:
 No change in Customs tariff.
 No change in Excise tax.
 No change in tax rate on individual or corporate incomes.
 Partial income tax exemption on corporation contributions to pensions fund.
 Increase in gift tax on graduated scale, but with exemptions also provided.
 Removal of Sales Tax from major building materials and exemptions otherwise broadened, but general Sales Tax rate of 8 per cent—the highest in Canadian history—left unchanged.
 No tariff reductions except by bi-lateral trade agreements with United States and the United Kingdom.
 Further disappointment awaited those who anticipated news of the conclusion of a new Canada-United States trade agreement. Mr. Dunning warned of "difficulties" facing the Washington negotiations.

Highlights Of Budget Speech

An over-all deficit for the fiscal year ended March 31, 1938 of \$13,775,000.
 Expenditures totalled \$530,467,000 and revenues, \$516,692,000.
 Revenues reached the highest point in history, exceeding the previous high year, 1928-29 by \$55,855,000.
 Total import trade was \$799,000,000, an increase of \$127,000,000, an increase of \$27,000,000 over 1936-37.
 Total export trade was \$799,000,000, an increase of \$127,000,000.
 For the first time since 1929 employment increased more rapidly than industrial production.
 Further increases in employment of the construction industry by new housing and municipal assistance legislation.
 Normal surplus between farm prices and other prices has been restored.
 Unofficial estimates place Canada's total national income for 1937 at \$4,830,000,000, an increase of 13 per cent over 1936.
 But for unforeseen increases of \$20,000,000 in relief expenditures due to the western drought, and \$7,000,000 in the Canadian National Railways deficit the budget would have disclosed a surplus.
 New Dominion bond issues totalling \$295,460,000 were floated.

Labor Party Retains Seat In By-election

BARNSELEY, England, June 16 (CP)—Labor today won the Barnsley by-election, retaining by an increased majority of nearly 3,000 votes the House of Commons seat vacated by the death of J. Potts, Labor member since 1935.
 F. Collingridge was the socialist Labor candidate, defeating Seymour Howard, Government candidate as a National Liberal, in a straight fight. Mr. Collingridge is a member of the executive of the Mineworkers Federation of Great Britain and Mr. Howard a member of the London Stock Exchange.
 Today's vote was 23,566 to 13,062 for a Labor majority of 10,504.

GALLERIES FILLED DURING BUDGET SPEECH

(By The Canadian Press)
OTTAWA, June 16—Galleries of the House of Commons were filled with spectators during the budget speech. There was a full attendance of members on the floor and an atmosphere of expectancy as the routine business of opening proceedings began.
 It was the fourth time Mr. Dunning rose as keeper of the nation's accounts to give an accounting of receipts and expenditures.
 Contents of the speech were a closely guarded secret until Mr. Dunning began his address. This was the reason for the keen interest which always attaches to proceedings in the House on budget day. Announcements of increased or decreased taxes or tariff changes which may result in important inducements and trade shifts come in the Minister's speech.
 Further, the balance sheet of the Dominion Government is looked upon in financial quarters in Canada and abroad as a barometer of the economic health of the nation.
 Mr. Dunning laughed and chatted with Prime Minister Mackenzie King as members took their places in the galleries.
 Behind him and above him in the officials' gallery were a group of his advisors in the Finance Department including Deputy Minister Clark.
 In the Diplomatic Gallery were representatives of the United States legation whose interest in the budget would be great if the new trade treaty was included.
 The Prime Minister tabled orders-in-council disallowing two Acts of the Alberta Legislature, the House gave first reading to a few Senate bills and then a few questions were asked.

CANTON REJOICES

CANTON, China, June 16—An official proclamation that six Japanese bombing planes attempting an attack on the Canton area had been shot down today started joyous celebrations in this much-bombarded city.
 The announcement by the local government, asserted Chinese pursuit planes met and defeated the invaders. Canton's remaining populace, which has suffered death-dealing Japanese air attacks almost without respite for three weeks, received the news ecstatically.
 The proclamation said the Japanese bombers were shot down north of Canton, after which 13 Chinese pursuit planes set out and caught them at Lokchongsiang, about 20 miles north of Canton, near the border between Kwantung and Hunan Provinces.
 Hitherto Japanese air raiders have met no resistance over Canton and the unexpected Chinese defence strengthened reports the Chinese High Command had sent 30 French-made planes to the Canton area since the beginning of Japanese bombings began May 28.

M E C H A N I C A L H E A R T ' L E A R N S ' T O B R E A T H E

(Associated Press Staff Writer)
NEW YORK, June 16—(AP)—The mechanical heart which Col. Charles A. Lindbergh built to keep organs alive outside the body has "learned" how to breathe. Dr. R. Bing, of the department of surgery of Columbia University College of Physicians and Surgeons, reported today.
 Dr. Bing wrote in the current issue of the magazine Science, the Lindbergh heart had to be fed dissolved oxygen instead of assimilating the oxygen from the blood as body tissues do.
 Now, he added, an assimilation method has been developed. In other words, the robot heart can really breathe.
Describes Method
 The breathing of the Lindbergh heart as Dr. Bing describes it is a simplified version through the lungs. In the lining of the lungs the oxygen is taken up into the blood, where it is combined with other substances to form hemoglobin, myoglobin and other pigments which color the blood stream. The blood vessels carry these substances through the body until they reach the tissues where the oxygen is taken out and used.
 In the mechanical heart, the lung function of the body's breathing is eliminated. At first, Lindbergh and his collaborator in the development of the heart, Dr. Alexis Carrel, tried to begin the process by introducing oxygen through red blood cells. It did not work because the cells produced methemoglobin "after six or eight hours, making perfusion for several days impossible." When perfusion stopped, the artificial life process stopped.
 So Dr. Bing set out to find another way. Instead of methemoglobin, he tried hemocyanin as the carrier. This method was successful.

Premier De Valera Faces Crucial Test In Election Today

DUBLIN, June 16—(A.P.)—Eamon de Valera, Prime Minister of Eire, faces a crucial test of his popularity in tomorrow's general election. He is seeking a clean-cut majority in the Dail (parliament) to carry out a broad-scale reconstruction program.
 There are 214 candidates running for 138 seats in the Dail Eireann (House of Representatives). Seven are unopposed. De Valera expressed confidence he would get at least 72 seats, a safe working majority.
 He needed at least two more seats than he held in the last Dail, which he dissolved May 27 after his government was defeated on the question of arbitration of civil service wage demands.
 In the last Dail Mr. de Valera's party held 69 seats, including the speaker. The combined opposition had 69. This forced Mr. de Valera to depend "rely upon 13 Labor and eight independent members for a working majority."
Magistrate Warns Speed Violators
SAINT JOHN, N. E., June 16—Magistrate G. Barle Logan of the Fairville police court declared today that in future he would impose a fine of \$200, rather than the usual \$10, upon all flagrant speed violators brought before him.
 Speeding of trucks and motor cars had become so rampant that measures were imperative, he said. The situation was a "terrible danger" to school children.

Revenue and Expenditure

Customs duties	\$82,000,000
Excise duties	51,000,000
Income tax	138,000,000
Sales tax	128,000,000
Manufacturers' stamp, importation and other special taxes	30,000,000
Banks and insurance companies	1,950,000
Total taxation revenue	\$436,950,000
Non-tax revenue:	
Post Office	\$35,000,000
Interest on investments	13,500,000
Other	13,250,000
Total non-tax revenue	\$61,750,000
Total ordinary revenue	\$498,700,000
Special receipts	3,000,000
Grand total revenue	\$501,700,000

The House will recall that the main and supplementary estimates, already submitted, call for total appropriations of \$524,600,000. If we can judge by the experience of previous years, the departments will be able to effect considerable savings in their appropriations and these savings should be more than sufficient to offset any additional expenditures that may be authorized before the end of the fiscal year or by the provisions of legislation introduced since the estimates were brought down. I believe, therefore, that I am safe in estimating that total expenditures for the current fiscal year will not exceed \$524,600,000.
 Our revenue prospects for the full year will be greatly influenced by whether or not our hopes for a good wheat crop are realized and whether or not the current trend of business in the countries which constitute our chief markets show improvement during the next few months. However, two and one-half months of our current fiscal year have already elapsed and our

Budget Highlights

(By The Canadian Press)
 Following are highlights of today's budget presented at Ottawa: No increases in major taxation rates.
 No changes in tariffs, for the first time since 1912.
 Deficit for 1937-38—the fiscal year ending March 31 last—\$13,775,000 and the estimated budgeted deficit for 1938-39, \$22,900,000.
 (Continued on page 10, Col 7)

COMING EVENTS

- Wednesday is Dance Night at The Highlands. L-1257-6-11-12.
- For Sale—fresh frozen Herring packed in 25 lbs. boxes. Signed Island Cold Storage. L-1013-6-11-12.
- Talkies—Montague Saturday, "Wings of the Morning." L-1459-6-15-21.
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- See Valley Farm in St. George's Hall, Monday, June 20th. L-1562-6-17-11.
- Don't forget to see "Rashful" Mr. Burt in Wiltshire tonight. Admission 25 cents. L-1317-6-17-11.
- Open Air Dance at Pleasant Grove Friday night at Strickland's. With Joe Cream. L-1534-6-17-11.
- Reserve Wednesday, August 8rd for Annual Regatta at George's town. L-1557-6-17-21.
- Dance, Lorne Valley Hall, Wednesday, June 22nd Good music. L-1561-6-18-21.
- Oake sale at Holman's June 25, by the Milton Saint John's Guild. L-1580.
- Poultry. Buying fowl daily, live or dressed. Prices good. Ship express or truck. The Royal Packing Company. L-1450-6-15 June 30.
- Pantry Sale in aid of BaginCo's Altar Society Saturday 20th at Maritime Stationers. L-1530-6-17-20-22-24-25.
- Hear the Misses Gomez and MacKay in Wiltshire Church Sunday, June 19th at 7.30. L-1572-6-17-11.
- Marshfield-Dunstaffnage will present their play "Dot The M" at the St. George's Hall, Kensington, Saturday, June 18. L-1469-6-15-21.
- See "Some Call It Love" by New Zealand Dramatic Club and hear Helen Doucette sing at Rolfo Bay, Tuesday, June 21st. L-1560-6-17-31.
- Cowboy Entertainers! A two hour show. Pownal Thursday and Friday nights, June 16th and 17th; Eldon Saturday, June 18th. L-1500-6-16-21.
- Public Attention. Please Notice! Francis's Carding Mill not operating every day. Parties wanting carding done may leave word in mill. L-1531-6-17-11.
- The Annual Meeting of the P. E. I. Holstein Poultry Association will be held in the Agricultural Hall on Tuesday, June 21st at 1.30 P. M. Holstein Breeders try to attend this meeting. Cecil Stewart, Secretary. L-1480-6-16-21.
- Come to Cornwall Church Friday night, June 17th and hear the musical festival presented by Hampshire, Belle River, and Cornwall Y. P. U. at 8.30 p. m. silver collection. L-1516-6-16-21.

Willful Bombing Of Civilians Denied

LONDON, June 16—(CP Cable)—Great Britain is prepared to abandon police bombing if it stands in the way of an international agreement to abolish bombing from the air.
 As he made the announcement in the House of Commons today, Prime Minister Chamberlain was emphatic that Royal Air Force bombers on the northwest frontier of India or elsewhere were not employed for the purpose of attacking the civilian population.
 Bombing never was resorted to unless 24 hours notice was given to enable tribesmen and their families to evacuate the areas. Even when bombers were used in close support of troops in action a similar period of notice was given to enable non-combatants to evacuate the area.
WASHINGTON, June 16—(AP)—The 76th United States Congress, which came in like a lamb in January, 1937, went out something like a lion tonight, with Roosevelt friends and Roosevelt foes quarrelling to the last.

Denies Reich Responsibility For Austrian State Loans

BERLIN, Germany, June 16—Economics Minister Walther Funk disclaimed today Germany's responsibility for \$160,000,000 in Austrian state loans but indicated readiness to make a compromise arrangement.
 At the same time, asserting National Socialist prestige "cannot tolerate the present state of affairs with reference to German state loans," he declared:
 "An arrangement must be reached (on the Dawes and Young loans) whereby the interest rates of seven and a half per cent, which no longer have any justification whatever, will be reduced to a normal level."
 (Payments due May 1 and June 1 on Austrian bond issues have been defaulted and Great Britain, France, other guaranteeing nations and the bank for international settlements protested to Berlin.)
 Funk said that negotiations first conducted in Berlin with Sir Frederick Leith-Ross, chief economic adviser to the British Government, and then transferred to London, "offer the prospect of a satisfactory solution" of the Austrian issue.
 The Dawes loan, made in 1924, still totals about \$20,000,000 and the Young loan, made in 1930, is estimated at \$200,000,000.
 They are regarded in Germany as having been forced upon the nation to meet a political debt—

Hon. Earl Lawson Opposition Critic

OTTAWA, June 16—Hon. Earl Lawson, Conservative member for York South and one of the contestants for national leadership of the party, will lead off the attack of the official opposition on the budget brought down in the House today by Finance Minister Dunning.
 This is regarded as a considerable honor for Mr. Lawson, former minister of national revenue, and if he makes a good job as financial critic it should boost his stock for the national convention which opens in Ottawa July 5.
 During the past three years Mr. Lawson had led off the debate and his turning it over to his young lieutenant caused considerable surprise.
 He moved the adjournment of the debate this afternoon and will speak Monday afternoon.

Orange Pekoe Blend

"SANTALINA"
 515
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Dunning Repudiates Old-time Liberal Free Trade Policies

OTTAWA, June 16—Failure to concede negotiations for new Canada-United States trade agreement resulted in Finance Minister Dunning presenting today an unusual budget in that it did not contain a single change in the customs tariff. This happened last in 1912.
 The Minister struck an additional blow to the hopes of free trade advocates when he declared he believed "unilateral tariff reductions will not get the wider export markets which our products need and which the government is securing for them."
 Mr. Dunning voiced a warning that difficulties were being faced in the negotiations involving United States, United Kingdom and Canada.
 "It is surely apparent that Canada should try to reach agreement with them rather than to pursue at this time an isolated policy of further unilateral tariff reductions," he said.
 "In the present instance it is clear that if we are to find fair and practicable solution to the problems involved, Canada must make its contribution to a general settlement."

Next Year's Prospects

"I may add that the results of such favorable developments will not be wholly realized until next year and not be fully reflected in the Government accounts until the next budget.
 "In view of the current business situation, we have not thought it

Metropolitanological Service

Metropolitanological Service
 Toronto, June 16—Minimum and maximum temperatures:

Dawson	50	62
Edmonton	50	68
Regina	52	64
Winnipeg	52	70
Toronto	60	76
Ottawa	48	62
Montreal	60	82
Quebec	58	74
Saint John	58	84
Halifax	48	58
Charlottetown	50	76

Maritime Provinces: Moderate to fresh variable winds; mostly cloudy with showers and probably some fog.
 High tide this afternoon at 12.59 and tomorrow morning at 2.20.
 Sun sets this evening at 7.49 a.m. rises tomorrow morning at 4.12. Last quarter moon June 20, p. m.
 Summerside tide eighteen minutes later than Charlottetown.
THE CAR FERRY SAIL
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