



QUEBEC TRÉATY-MAKING DISCUSSED

Premier Lesage (left), seems deep in thought as he and Prime Minister Pearson meet the press following Sunday's talks between the two government leaders in Montreal. They hinted that some sort of agreement had been reached in their talks on Quebec's treaty-making claims. (CP Wirephoto)

Opposition Reported Shaping To Canada Development Corp.

By KEN SMITH
Canadian Press Business Editor

Opposition to the proposed Canada Development Corp. is shaping up as one of the major business reactions to Finance Minister Gordon's new budget. Many executives, however, are holding off comment until Mr. Gordon reveals more details of his proposed \$1,000,000,000 baby.

The objections are built around two basic points—first, fears that the corporation would spread itself through all segments of the economy, with political and not economic reasons being a dominant factor in its decisions and, secondly, it would make it tougher for private enterprises to raise capital on the Canadian market.

In his first address, Mr. Gordon said the finance minister did little more than outline his thinking on the project.

Ninety per cent of the corporation's shares would be available to the public or private institutions, with the fed-

eral government holding only 10 per cent. Initial price of the shares would be \$5 each.

Its capital would be used to buy shares in enterprises just starting up or looking for money to expand its operations.

MANY OPPONENTS

Summing up views expressed by many opponents of the proposal was a comment from Sinclair M. Stevens, president of York Trust and Savings Co., who said the CDC "could become a monster at some time."

In a more cautious vein, the Canadian Chamber of Commerce said it needs close examination and added:

"While the objective of encouraging investment by Canadians in their own enterprises is desirable, there is some question that such a structure may encourage too much investment control by the government."

On the tax aspects of his budget, Mr. Gordon was roundly criticized by business for not reducing corporation taxes or removing the controversial 11-per-cent sales tax on production machinery.

Winning praise was the 10-per-cent cut in personal income taxes with its expected boost for consumer spending, although many critics said it wasn't enough of a reduction.

PLAN EXPANSION

Elsewhere on the business scene, Dominion Foundries and Steel Ltd. joined the heavy expansion programs already reported by other steel firms, announcing plans to spend \$120,000,000 on plant and mining developments by the end of 1966.

About 75 per cent of the new expenditure would go in additions and improvements at its steel-producing facilities in Hamilton, while the balance

would be aimed at the Sherman iron mine in Northern Ontario and the Wabush mine in Labrador.

To help finance the expansion, Dofasco will issue \$50,000,000 worth of preferred shares.

Steel Co. of Canada—already in the middle of a \$200,000,000 expansion program—announced lower first quarter earnings, despite record production and sales. President V. W. Scully blamed the drop to \$8,154,000 from \$8,907,000 on sharply increased costs.

BLAME WEATHER

Another industrial giant also came in with lower first-quarter earnings. MacMillan, Bloedel and Powell River Ltd. said earnings declined to \$9,678,000 from \$10,981,000 and blamed it on the severe winter weather.

Chairman J. V. Clynne said newspaper sales were higher, following the cut of \$10 a ton in the price.

The on-again, off-again development of Labrador's Churchill Falls went through another gyration. Premier Jean Lesage of Quebec said talks with British Newfoundland

Corp. on the sale and transmission of power from the 9,000,000-horsepower site had proved fruitless.

The next day Robert Winters, Brinco chairman, said a recent meeting with Premier Lesage had been "constructive" and said the company is analysing various cost factors to be presented to Quebec.

Clairtone Sound Changes Loss To Small Profit

TORONTO (CP) — Clairtone Sound Corp. Ltd., had a net profit of \$21,839 in the first three months of this year, compared with a net loss of \$139,248 in the similar 1964 period. President Peter Munk told the annual meeting here.

He reported that sales rose to \$2,373,218 compared with \$1,450,780 in 1964.

He told shareholders that traditionally Clairtone has taken large losses in the first half of the year because of the seasonal nature of its business. The strong first-quarter showing should substantially improve earnings this year.

He also said the first elec-

tronic chassis for Clairtone tuners, amplifiers and record players will start coming off the assembly line of the corporation's interim plant in Nova Scotia May 15.

This plant was leased from Nova Scotia's Industrial Estates Ltd. after Clairtone decided to move its operations to Nova Scotia, pending the construction of a new factory.

Mr. Munk said plans for the new factory have been completed and construction will start June 1. It is to be completed by Jan. 1, 1966.

He said an announcement will be made soon concerning details as to the design, location and contractors for the new plant.

Clairtone last year earned \$109,619 or 19 cents a share compared with \$300,660 or 52 cents a share in 1963.



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ANNUAL MEETINGS

of the following

ARTIFICIAL BREEDING CLUBS

CLUB	PLACE	DATE	TIME
East Kings	Legion Hall, Souris Speaker: HAROLD HEARTZ	May 10th	8:00
York	Winslow Station Hall Speaker: GLEN COTTON	May 11th	7:30
Montague	Old Legion Hall Film Reid Sangster	May 12th	8:00
Crapaud	Englewood High Schol REID SANGSTER	May 13th	8:00

Your Agricultural Representative Will Be Present.

Reaction Generally Favorable To Gov't Bank Act Proposals

By THE CANADIAN PRESS

Satisfaction in the government is apparently moving toward recommendations of the Porter royal commission on banking has been expressed in Toronto after the introduction of the long-awaited revisions of the Bank Act in Parliament.

At the same time, bankers expressed surprise and disappointment. Finance Minister Gordon decided to retain the present six per cent interest ceiling on bank loans.

S. T. Paton, president of the Canadian Bankers' Association and general manager of the Toronto-Dominion Bank, criticized what he called the government's "stand-pat attitude" on this matter.

"It is difficult to understand in the light of the strong recommendations of the royal commission on banking and finance," he said.

The commission, which tabled its report a year ago, had recommended that the ceiling be lifted even if its other suggestions were not accepted.

ALLOWED TO ENTER

Of the proposal to allow chartered banks to enter the mortgage-lending field gradually, Mr. Paton said it would alleviate banks' problems somewhat and so was welcomed.

"But it does not solve the major problems arising from the six-per-cent ceiling on ordinary bank loans," he added.

"The reduction in the cash reserve requirements from eight per cent to seven per cent is a step in the right direction, but I feel the variable reserve ratio for time deposits proposed by the royal commission is preferable."

Sinclair M. Stevens, president of British International Finance (Canada) Ltd., said on first glance the proposed changes in the Bank Act generally look favorable.

"I am specifically pleased the government intends to implement the Porter report. They've not done everything the commission recommended, but they are moving in that direction."

PRAISE GIVEN

Mr. Stevens, a leading figure in a move to get a charter for the proposed Bank of Western Canada, gave most of his praise to the proposal that would make it easier to form new banks.

Mr. Gordon said authority will be sought to issue charters acceptable would be new banks by letters patent, apparently in the same way that most commercial enterprises now are incorporated under the Companies Act.

These charters, however, would be subject to upset by Parliament. Only Parliament now can grant charters for new banks.

In addition to the Western Bank, charters are being sought by the Laurentide Bank and the Bank of British Columbia. But they have been delayed in Parliamentary debate.

"This is a very progressive step," Mr. Stevens said. "We are extremely pleased. The effect will be to reverse the onus."

"At present, a minority can block us very effectively by talking us out in the one hour a week given to private members' bills. The change will make it necessary, once a bank obtains its charter, for a majority vote to be taken to annul the charter."

THOMPSON APPROVES

In Ottawa, Social Credit Leader Thompson said he approves Finance Minister Gordon's proposal to remove from Parliament the authority for incorporating new banks.

Mr. Thompson said in the Commons during discussion of revisions to the Bank Act that with regulations existing for starting new banks it should be unnecessary to have Parliament approve each one.

Mr. Thompson also said banking should be under federal con-

rol but the legislation should not be so rigid that it would prevent establishment of near-banks or provinces acting within the framework of federal legislation.

Mr. Gordon said to make it "easier" for applicants to get a bank charter one amendment to the act would permit banks to be incorporated by letters patent, with the House of Commons having the right to annul such letters within a stated period of time.

The amendment could affect proposals for the Laurentide Bank of Canada and the Bank of Western Canada which have been tied up in the Commons by MPs who object to the Senate's rejection of Premier Bennett's proposal for a provincially-backed Bank of British Columbia.

BUYING PROHIBITED

The Bank Act revisions also propose to prohibit provinces from buying shares in chartered banks, a step that Mr.

Bennett had said he would take after the Senate rejected his provincial bank.

In Montreal, G. Arnold Hart, chairman and president of the Bank of Montreal, expressed "surprise and amazement" about the federal government's decision to retain the six-per-cent ceiling on bank-loan interest rates.

Mr. Hart, in a statement, restricted himself to commenting on the ceiling retention.

"My immediate reaction is one of surprise and amazement that the recommendation made in such strong terms by the royal commission on banking and finance for the removal of the six-per-cent ceiling on loan rates has been disregarded in the amendments to the Bank Act now proposed," said the bank of Montreal chief.

"An opportunity will thus be lost to introduce a greater degree of flexibility in the interest-rate structure."

ST. DUNSTAN'S UNIVERSITY

SUMMER SCHOOL

Opening date changed to July 2

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CANADA
PROVINCE OF PRINCE EDWARD ISLAND

ELIZABETH THE SECOND, by the Grace of God, of the United Kingdom, Canada and Her other Realms and Territories QUEEN, Head of the Commonwealth, Defender of the Faith.

(GREAT SEAL)
(sgd.) W. J. MacDonald
Lieutenant-Governor

GREETING

A PROCLAMATION

WHEREAS The Canadian Association for Retarded Children was founded in 1958 to promote the general welfare of the mentally retarded of all ages everywhere; and

WHEREAS more than half a million children and adults in Canada are mentally retarded; and

WHEREAS retarded children can be educated and trained in special facilities geared to their needs and given an opportunity to lead happy, useful lives; and

WHEREAS a vital need exists for intensive research to uncover the causes and preventive measures in mental retardation; and

WHEREAS during the period from May 9th to May 16th, funds will be sought for these programs and facilities by the Provincial Retarded Childrens Association of the Province of Prince Edward Island of the Canadian Association for Retarded Children; and

WHEREAS the success of this appeal will substantially benefit the health and strength of the nation by making possible better education and rehabilitation service and expanded and accelerated research toward the prevention of mental retardation;

NOW THEREFORE We, with the advice and consent of Our Executive Council for Prince Edward Island, do by this Our Proclamation order and declare that the period from the ninth to the sixteenth day of May in the year of Our Lord one thousand nine hundred and sixty-five be set aside as

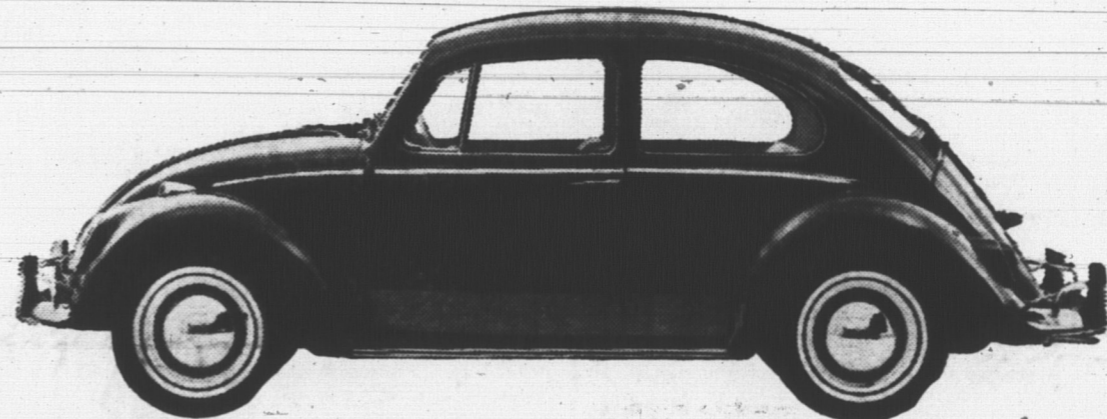
CANADIAN RETARDED CHILDREN'S WEEK

and urge that all citizens of Prince Edward Island consider the matter of retarded children as a year-round project.

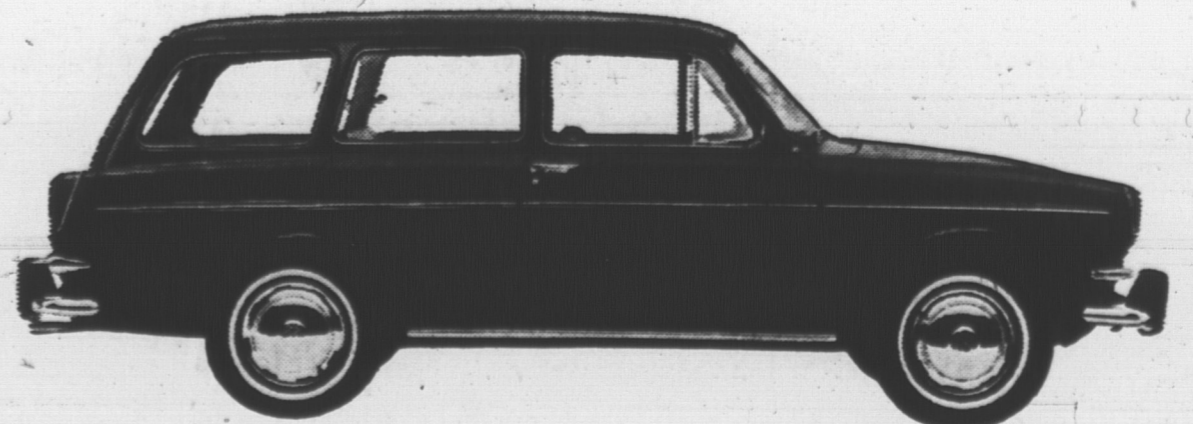
IN TESTIMONY WHEREOF WE have caused these our Letters to be made Patent and the Great Seal of Prince Edward Island to be hereunto affixed.

WITNESS the Honourable Willibald Joseph MacDonald, Our Lieutenant-Governor of Our Province of Prince Edward Island, at Our Government House in Charlottetown this fourth day of May in the year of Our Lord one thousand nine hundred and sixty-five in the fourteenth year of Our Reign.

By Command,
Wendall MacKay,
Deputy Provincial Secretary.



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