

TAX COMPROMISE OUTLOOK DIMS

Federal Gov't Refuses To Bow To Provinces

(By Harold Morrison, Canadian Press Staff Writer)
OTTAWA, (CP)—The federal government Wednesday refused to bow to provincial demands for a bigger share of the federal tax pot and the outlook for an immediate compromise darkened.

Prime Minister St. Laurent indicated on emerging from the third day of talks with the Premiers that his government will not boost taxes to accommodate provincial demands.

"We are proceeding on the lines that the same tax rates will apply as now," he told reporters.

The premiers spent the day touching on farm problems and then began a round of discussion on Mr. St. Laurent's proposal to ditch the tax rental pact and replace them by a new formula under which the provinces would return to the direct tax field. Federal equalization payments would bring the yields of low-income provinces to the per capita level of the wealthier ones.

Mr. St. Laurent said that fiscal talks could be continued today, if any premier had anything more to offer, but it appeared from his remarks that he felt that discussion at this stage had drawn to an end. The premiers likely will touch on other issues today and then probably terminate the conference tonight when they will meet at Mr. St. Laurent's residence for dinner.

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ENJOYING VISIT TO PROVINCE

"I am returning to Quebec with a great admiration for the island and its people after my first visit to Charlottetown which had been looked forward to with pleasure," Mr. Emile Castonguay, President of the Canadian Daily Newspaper Publishers' Association said when asked for his impressions last evening. Mr. Castonguay, who is accompanied by Madam Castonguay arrived on Monday from Quebec City where he is general manager of the nationally known French language newspaper, L'Action Catholique.

Validity Of Some Farm Marketing Laws Doubted

OTTAWA (CP)—Doubts about the validity of some provincial farm marketing legislation were expressed Wednesday before the federal-provincial conference.

The federal government, informants said, told the provinces to refer any dubious legislation to the courts and come back to Ottawa later for any necessary new laws.

The conference sent the question to a federal-provincial committee, but this group met for only about 1 1/2 hours and did not get far. It is not expected to report back to the general conference.

The conference, meanwhile, had a discussion on the sharp issue of marketing of western grain, now piling up on farms, but no firm decisions were reached.

Prime Minister St. Laurent said the question is to be taken up at a meeting to be held shortly among members of the federal cabinet, the agriculture ministers of the Prairie provinces and representatives of western grain growers.

Delegation members said the three Prairie governments at Wednesday's session urged that the federal government adopt some form of cash payments to grain growers who are holding wheat on farms and cannot dispose of it because of clogged elevators.

On the general question of farm marketing legislation, Ontario's Premier Frost said to reporters that matters he raised before the conference involve the validity and the workability of this type of law.

"It's a question of making it (the provincial act) work," he said. "The line between federal and provincial jurisdiction is complicated and devious, so that it is impossible to draw up workable marketing legislation."

Mr. Frost, in talking to reporters, would not go into any more detail, but it was reported his



AT P.E.I. TRAVEL BUREAU DINNER FOR PUBLISHERS

At the head table at the dinner at the Charlottetown Hotel Wednesday evening for visiting newspaper publishers were, left to right, Col. P. S. Fielding, Mrs. E. G. Johnstone, the Hon. Dougald MacKinnon, Mrs. R. J. Rankin, Edwin C. Johnstone, Mrs. Dougald MacKinnon, Mrs. P. S. Fielding and Mrs. George Fraser.

Also to be seen are Mr. W. J. Blackburn, London Free Press, Mr.

Eisenhower Has Excellent Night's Sleep

By DOUGLAS CORNELL
DENVER (AP)—President Eisenhower put in an "excellent night" on the recovery road Tuesday night and a happy morning digging into a gift package from his grandchildren—a package heavy on bubblegum.

The doctors said the president, still in the 14-day danger period of his heart attack, awakened "refreshed and cheerful" after 9 1/2 hours of almost solid sleep.

He didn't need a sedative to help him get to sleep Tuesday night although a small dose of seconal was administered when he awakened for a couple of minutes around 2 a.m.

But probably the best tonic he has had yet was going through that box from the three grandchildren.

This was what the chuckling president found:

From Susan, 3, two packs of playing cards and bubblegum.

From Barbara Anne, 6, stationery and bubblegum.

From David, 7, a 25-cent Texas story, "The MacKenzie Raid," and bubblegum.

The youngsters, children of Maj. and Mrs. John Eisenhower, personally picked out the gifts. With them they included greeting and get-well cards and drawings in crayon that offer no evidence at this stage that the kids have inherited any of Eisenhower's amateur talent with brush and canvas.

Social Democrat Pulls Ahead In Brazilian Voting

RIO DE JANEIRO (Reuters)—Juscelino Kubitschek, Social Democrat, whose enemies have accused him of having Communist lines, Wednesday night began to pull ahead in the race for the Brazilian presidency.

With one-fifth of the estimated 10,000,000 votes counted, he began to pile up votes from his home state and overhaul Adhemar de Barros, the flamboyant business tycoon nominated by the Progressive Socialists, who earlier had held the lead.

But De Barros' earlier successes, even though gained mostly with votes from the state of Sao Paulo, where he was governor, were more than had been expected and it was obvious that Kubitschek, the favorite, was in for a hard fight.

deputy Soviet foreign minister Valery Zorin.

Later Pearson, accompanied by Canadian Ambassador J. B. Watkins, paid a courtesy call on Molotov.

Pearson, accompanied by his wife and government officials, is visiting the Soviet Union in the course of a trip that so far has taken him to London, Paris and Berlin. He will fly out of Moscow next week by way of Basra, Iraq, for the Colombo Plan conference in Singapore. The minister is also expected to return to Paris later this month for the NATO council meeting.

One member of Pearson's party who attracted considerable attention was a scarlet-coated corporal of the Royal Canadian Mounted Police, Frank Brian of Moosemin, Sask. Brian, a strapping six feet, two inches tall, captivated the Russians at the airport.

Pearson said in a brief address that he wanted to see something of the life and work of the Soviet people, "who were our courageous fighting allies in two world conflicts."

He said he was looking forward to an exchange of views on world problems with Soviet leaders, which would better enable them to understand their respective points of view.

Pearson declared Canada and Russia have common problems in the extent and nature of their national resources, "and the crying ministerial associations and radio stations to hold institutes for improving the broadcasting techniques of ministers and others."

Rev. J. Allan Munroe, Toronto, associate secretary of the general board of missions, said that a fund for ministerial assistance, set up by an anonymous donor, was paying a grant to every married minister on the minimum stipend.

Prof. Lorne Clarke of Halifax reviewed associations between Presbyterian and Dalhousie University. The report of the committee on the Presbyterian Record was presented by Rev. G. B. Cunningham of Scotsburn, N.S.

The three-day synod meeting was expected to end this afternoon.

The Soviet government newspaper

While in Russia, Pearson may meet with Premier Bulganin and Communist party secretary Khrushchev, both on vacation at present. Diplomatic circles believe such talks might provide the West with some indication of Russian thinking in advance of the Geneva Big Four foreign ministers conference.

Pearson's visit was hailed by the newspaper Ivestia as "a new and important step forward in the promotion and consolidation of Canadian-Soviet ties."

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GREET PUBLISHERS

At the civic reception Wednesday evening, prior to a P. E. I. Travel Bureau dinner in honour of visiting newspaper publishers, guests were received by the acting premier, acting mayor and their wives.

From left to right are shown Mrs. Dougald MacKinnon, the Hon. Dougald MacKinnon, Mrs. E. C. Johnstone, Mr. Edwin C. Johnstone, Mr. James Fullerton, city clerk.

Mrs. J. C. Preston and Mr. John C. Preston of the Brantford Expressor and second vice president of the C.D.N.P.A.

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2,000 French Trapped By Rebels In Mountains

By MICHAEL WEIGALL
FEZ, Morocco (Reuters)—Some 2,000 French soldiers and foreign legionnaires battled desperately Wednesday night to break out of a triangular trap in the Rif mountains under the withering sharpshooting of rebel tribesmen.

Only one point of the triangle, the little town of Aknoul, was not completely closed. Reinforcements and supplies streamed in hourly along the one twisting mountain road still open.

But fierce rebel warriors, who struck against the French near the Spanish Moroccan border Saturday, were reported closing in on

the walled fortress, where the French tricolor was hoisted this morning.

This correspondent sped out of Aknoul Tuesday night to Taza, 20 miles to the south, with gunfire echoing from the surrounding hills.

FEAR ENCIRCLEMENT
The last words from a French major were: "I beseech you to go back to Taza. We may soon be encircled. Even now the road is not safe. Please go immediately."

I drove into the town earlier in the day to find the French commander trying to shake off three cameramen seeking permission to go out with an armored column.

"No more columns are going out this afternoon," he said. "I sent out two this morning. Both are in trouble."

A food convoy arrived and the major said: "We are not short of food but ammunition is low. The are having trouble supplying all the reinforcements coming in."

Armored car crews, pointing out the damage their vehicles suffered in the fighting, said the shooting was very accurate.

Directors of the Canadian Press Wednesday held their semi-annual meeting here yesterday to discuss affairs of the national news co-operative.

Mr. K. R. Thomson, of Thomson Newspapers, Toronto, CP member for Kirkland Lake Northern News, was named a director to fill a vacancy on the 19-man board, caused by the resignation of John W. Sancton to J. M. S. Wardell; Moncton Times from the late J. C. Gagnon to B. W. Janser; Trois-Rivieres Le Nouvelliste from Raymond Dube to Fernand Gagnon; Montreal Star from A. J. West to K. S. Edey; Sarnia Observer from Thomas N. Dwan to Brian Shelton.

It was decided to hold the 1957 fall meeting at Quebec. The 1956 fall meeting will be held in Edmonton.

BIG SAVINGS
Australian savings bank deposits reached \$2,430,000,000 in 1955, an average of \$265 per capita.

On hand when Pearson arrived were Foreign Minister Molotov and

deputy Soviet foreign minister Valery Zorin.

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