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for a surplus on ordinary account for the fiscal year 1954-55, after providing \$51,500.00 for Sinking Funds, of \$1,874,977.57.

The overall deficit of \$978,696.48 for the past year is arrived at after providing for all expenditures on current and capital account, and some \$427,000. net of money loaned or advanced under the policy of assistance to industry for promotion and development; and to municipalities, towns or villages for community or youth welfare purposes.

The net funded and unfunded debt at the end of the fiscal year, March 31, 1955, amounted to \$17,833,720.64.

FORECAST

It had been hoped to restrict the cost of services to that sum, and all departments were earnestly urged at the beginning of the fiscal year, as well as subsequently, to make every possible effort to come within the appropriations made by the Legislature. As time progressed, however, it became ever more obvious that the impact of ever increasing material costs and increasing demands would make it impossible to do so. These conditions, together with our greatly accelerated highway program last summer, affected our budget appropriations to the extent of an additional sum of \$1,445,510, bringing the total forecast expenditures, for the present fiscal year, to \$12,547,591. (rather than \$11,102,081).

TABLE 1

Expenditures - ordinary and capital for the fiscal year ending 31st March, 1956 with three months forecast in brackets:

Debt Charges \$1,313,396. (\$1,301,292.)

Health and Welfare 2,001,614. (2,137,389.)

Education 1,349,072. (1,332,303.)

Attorney-General 218,640. (218,658.)

Legislation 92,600. (109,799.)

Agriculture 325,845. (465,481.)

Industry and Natural Resources 250,240. (171,736.)

Highways, Bridges, Ferries, etc. 1,273,060. (1,534,075.)

Refunds of Revenue 325,500. (360,200.)

Grants and Assistance to Municipalities and Incorporated Villages 129,498. (130,227.)

Insurance Premiums 30,000. (30,000.)

Insurance Reserve Fund 20,000. (20,000.)

General Government 393,016. (406,004.)

Total Ordinary Expenditure \$7,723,081. (\$8,217,464.)

Capital and other extraordinary with forecast in brackets:

Highways, Bridges and Ferries \$2,330,000. (\$3,096,425.)

Fixed Assets 366,000. (407,500.)

Loans and Advances 190,000. (215,185.)

Other Extraordinary Expenditures 243,000. (231,017.)

Rural Electrification 250,000. (300,000.)

Total Capital and Other Extraordinary \$3,379,000. (\$4,330,127.)

Total ordinary and capital expenditures \$11,102,081. (\$12,547,591)

HIGHWAYS OVER

It will be noted from the above tabulation, taken from the Interim Statement of Revenue and Expenditure for the fiscal year ending the 31st day of March, 1956, that Highway Construction - including Trans-Canada, Bridges and New Machinery required an additional appropriation of \$766,425. Also, the cost of maintenance of bridges, roads, pavement and snow removal a further allotment of \$250,000. All of which will be fully explained by the Minister of Highways in his review of the 1955 activities of his department.

TRANSFER

In the analysis of the expenditures made by the Departments of Agriculture, Industry and Natural Resources, you will find the former department with an increase of \$139,636., while the latter shows a decrease of \$78,504. The reason being mainly due to a change in the administration of certain services in July of 1955. The Items-Forestry, Farm Improvement Services, Bunbury Nursery, and Industrial Development for which appropriations were proposed by and granted to the Department of Industry and Natural Resources at the last session of the Legislature, were later transferred to the Department of Agriculture.

REVENUE 1955-56 RECORD

It may be refreshing for me to find myself in the position of having, in this the first term in which I have been in charge of the Provincial Treasury, a revenue on ordinary account which exceeds, with the exception of last year, by over \$400,000. any income received by the Province in the years that have gone, but let me pause to say that the revenue I forecast for the present year barely suffices to cover the minimum demand upon the provincial purse, the elasticity of which is dependent not only on the willingness, but on the ability of the taxpayers to fill it and expand it.

Your attention is also drawn to the amount of \$4,327,944. anticipated by the Province under the Tax Rentals Agreement and subsidy grants for the current year. This amount is based on the Gross National Production of 1954 which declined by over four hundred million dollars from the previous year's record of twenty-four billion four hundred and forty-nine million. This decline automatically reduced our revenue, under the Tax Agreement, for the present year, \$252,101. An amount, in such a proportion, the Province could ill-afford to lose.

Our Gasoline Tax increased by some \$16,000. over last year. It could very well be increased by another \$50,000. when the result of the year's collections is finally tabulated.

Due to the lack of professional hockey this past winter and the destructive loss by fire of Prince Edward Island's largest theatre, December, the tax revenue from the sale of admissions to these two forms of entertainment declined by some \$18,000.

On March 31, 1955 the net debt of the Province was \$17,833,721. To this we add the forecast expenditure including retirement for the fiscal year 1955-56 of \$12,547,591, totalling \$30,381,312.

From the above we deduct the anticipated revenue for the same period \$9,742,590. giving \$20,638,722. Deduct from the above sub-total the amount provided for Debt Retirement \$530,500.

And we have left a forecast net debt as of March 31, 1956 of \$20,108,222.

Or an increase in liabilities for the present fiscal year of \$2,274,916. of which sum \$190,000. represents the net amount of loans and advances made during the year. Although these loans temporarily increase the debt for the year, nevertheless they are recoverable at a later date.

DEBENTURE ISSUE

During the month of February the Province called for tenders for the purchase of \$1,700,000. 10-year 3-4 per cent debentures. Out of eight tenders received a syndicate headed by Nesbitt, Thomson and Company, Limited of Montreal, submitted the highest bid of \$9.15 at a cost to the Province of 3.85 per cent.

The high rating which this Province enjoys in the financial market is evidenced by the fact that just before that time the Province of Ontario Hydro-Electric issued debentures at a cost of 3.97 per cent for a 10-year 3-4 per cent coupon, and 4.07 per cent for a 4 per cent Bond maturing in 20 years.

FEDERAL-PROVINCIAL

Mr. Speaker, honourable members are fully aware of the fact that the present tax rental agreements between the Government of Canada and the Governments of the ten provinces expire on March 31, 1957.

The purpose of these Agreements was to establish a more equitable system of taxation throughout Canada by reducing duplication of direct taxation and of machinery for the collection of the same. They were also designed to give a greater measure of stability to the revenues of the Provinces in order to enable them more adequately to carry out their responsibilities, and to enable Canada, with the co-operation of provincial governments, to carry out fiscal and other national policies intended to maintain high levels of employment and production. The Agreements were to make it financially possible, for all provinces to perform their constitutional functions themselves, and to provide a reasonable Canadian level of provincial services, without an abnormal burden of taxation.

The provinces were asked to suspend the levying, and collection of income taxes, corporation income taxes, corporation taxes and succession duties. In return the Government of Canada agreed to make certain payments to an agreeing province in the form of a fixed guaranteed minimum for each province, geared to Gross National Product. The payments being governed by formula, which takes into account gross national product and population in the immediately preceding year.

Under the 1952 proposals the Province of Prince Edward Island was guaranteed a minimum of \$2,977,015.

GNP HIGH IN 1955

Both gross-national product and population reached new highs in 1955, with the result that it is estimated that the Province should receive \$4,131,178.48 plus statutory subsidies of \$656,931.88, for a grand total of \$4,788,110.36 in the fiscal year 1956-57.

Last October a full-scale Federal-Provincial Conference was held in Ottawa when the Premiers of the ten Canadian provinces and the Prime Minister of Canada discussed and examined financial and other problems of common concern.

Mr. Speaker, I had the privilege of attending that conference as one of Prince Edward Island's delegates and I wish to say to the honourable members of this Assembly that I was deeply impressed with the presentations made by the various Premiers. Regardless of the present disappointing terms offered to this Province by the Federal Government no reflection can be attributed to the effort made by our Premier so ably presented the needs and deserving rights of our Province.

NEW BASIS

The new proposals give no greater recognition to the fiscal needs of the provinces than does the present tax rental agreements. They differ from the tax rental agreements only in that it substitutes the per capita yield in the two highest provinces from three fields of taxation for the gross national product; and they provide for an equalization payment to each province which falls below the average whether or not that province chooses to vacate the three tax fields.

The only compensate a province for lack of tax potential in only three fields of taxation and leaves this province with a per capita rate from local sources of taxation far below the national average. In 1946 we accepted the tax-rental agreement offer, not because it represented some recognition of fiscal need but with a hope that during the lifetime of that agreement a more satisfactory formula would be devised. In 1952 the Federal Government proposed a new guaranteed minimum payment based on the one allotted to a province under the 1947 agreement.

Mr. Ken Arsenault of Summerside returned on Saturday from a five-weeks holiday in Florida. S

ATTENTION Rebekahs and Oddfellows, Montague. Concert practice on Thursday at 9 o'clock. Full attendance requested.

IN HOSPITAL - Mr. Peter McCarron, Montague, is a patient in the Charlottetown Hospital following a heart seizure while en route to Summerside with the Kings County Juvenile hockey team Monday afternoon. Mr. McCarron was seized with the attack near Hunter River, and was rushed back to Charlottetown as quickly as possible. Report last evening said he was resting as well as could be expected.



Runner-up For P.E.I. Title

Pictured above are the Montague E. I. Girls hockey title. Front row (l-r): Eileen Cantelo, Anna Prosper, Olga Hennigar, Anna Power, Frances Murphy. Second row (l-r): Kay MacLean, Judy Cudmore, Pauline Murphy, Edna Ann Nicholson. Third row (l-r): Elaine Poole, Maxine Lanigan, Marcia MacDonaid, Catherine Watson, Gwen McCarron. Guardian Photo.

Eastern Guardian

PLAN COURTESY CALLS

LONDON (Reuters) - George Malenkov former Soviet prime minister, will pay courtesy calls on Prime Minister Eden and Foreign Secretary Selwyn Lloyd during his three-week tour of Britain, it was learned Tuesday. Malenkov, now minister for power stations, is leading a delegation which arrives here from Russia Thursday to tour British electrical installations.

GIRLS HOCKEY GAME - The Georgetown girls and the Montague High School girls tied at 1-1 in the scholastic series played at Montague last night. Scoring for Montague was Ewen McCarron, and for Georgetown E. Davis.

REPRESENT MONTAGUE - The Montague Curling Club will be represented today at the official opening of the Alberton artificial ice rink. Representing the Montague Club will be L.H. Poole, H.L. MacGregor, Doug MacLaren, James E. Cudmore.

NOT FAIR

We contend that the old idea of grants based on population, as far as this province is concerned, is not a fair basis on which to apportion to the provinces' moneys necessary to assist them to discharge their constitutional responsibilities, and to meet the fast increasing cost burden of capital development.

Because of its low taxable capacity to meet the demand for increased governmental services without imposing an intolerable burden upon the few surviving industries and the abnormal population problem of the province, some special adjustment or formula must be made with respect to the Province of Prince Edward Island.

The incident of the Canadian tariff upon the economic life of this Province has contributed materially to its low taxable capacity through the drain upon its annual income and the burden imposed on its export industries. The financial problems of the Government, both now and in the future, can only be met satisfactorily by a substantial increase by the Federal Government in its annual payment by way of special consideration to us in order to meet the Province's fiscal need problem.

We are not satisfied with the terms offered and are, therefore, pressing for substantial adjustments. We sincerely hope that a solution satisfactory to all will be found and that it will assure to this Province the ability to develop its resources and furnish the way and means to provide generously for the current capital needs of the future.

Mr. MacDonald reviewed both the national economy and that of the Island in the course of his budget speech, noting the difficulties our farmers face in the way of prices and tariffs, transportation difficulties and costs. He warned that our relatively fixed provincial income cannot keep pace with the growth in service costs. He also reviewed at some length the situation in agriculture, fisheries, tourist industry, highways, public work and motor vehicle branch.

A Farmer Takes A Wife

PART FIVE

The farmer consoled him by saying: Tho it's not for me to decide, I see no need for longer delaying. But, find for yourself a wee bride.

Our neighbors are having a party—Many young folks will be there. Your welcome I know will be hearty. And plenty good food is the fare.

So off to the party they hurried—The farmer was happy and gay, But Laddie seemed a bit worried Having very few words to say.

When the guests all gathered about They seemed so friendly and gay Of their sincerity he had no doubt— And was glad he decided to stay.

The party motive was a spinning bee— All neighbor women taking part, Their time and food were given free To contest in the spinning art.

Laddie delighted the young folks While seated around the meal table— He amused them with stories and jokes, Dabbling in truth and in fable.

His smile delighted a maiden Who seemed so happy and free— Whilst he with home duties laden, Thinking, by rights, there he should be.

The guests all joined in the dancing And singing folk songs of the day 'Till the wee small hours were advancing— Then all to their homes scurried away.

Laddie went to the farmers home To await the dawning light— He prayed the way to him be shown That would lead him to the right.

Montague Junior Board Of Trade Holds Annual Meeting

Mr. Arnold Wightman was elected president of the Montague Junior Board of Trade at the annual meeting held at the Town Hall last evening.

Others officers are: first vice president, Allan Nelson, junior Rodog member of executive, Ken Clements.

A brief business meeting followed under the chairmanship of the president, following relinquishing of the chair by the past president, Gilbert Clements. Brief reports were heard from several committees, after which the meeting adjourned.

LITTLE SANDS

Messrs. Norman Stewart, High Bank, and Carleton Hume, M. A. MacNeill, Edwin MacKenzie and Charles Stewart, Little Sands, attended the Jubilee L. O. L. in Iris on Sat. night.

Mr. John Dan MacLean, Little Sands, who is spending some time with his son Mac in Cornwall is improving in health.

Mrs. Alex Blue, Little Sands, was glad to receive word from her sister, Mrs. Rowan Sencabaugh, Oak Valley, that she is recovering after her fall. Best wishes to out to Mrs. Sencabaugh from her many friends and relatives for a complete recovery.

Mr. Willie Ross of Iris was a business visitor to Little Sands on Wednesday.

The High Bank and Little Sands Women's Institute which was to be held on March 6 at the home of Mrs. Alex Blue, Little Sands was postponed until the following evening.

Miss Ellen Munn, teacher at Parkdale, was at her home in Little Sands over the weekend.

The Farm Forum, met at the home of Mr. Charlie Stewart on Monday.

A very fine concert from Murray Harbor North was held in the Little Sands hall and was greatly enjoyed by a large crowd that gathered from surrounding districts. The local Women's Institute sold lunches and fudge, and a good sum was realized.

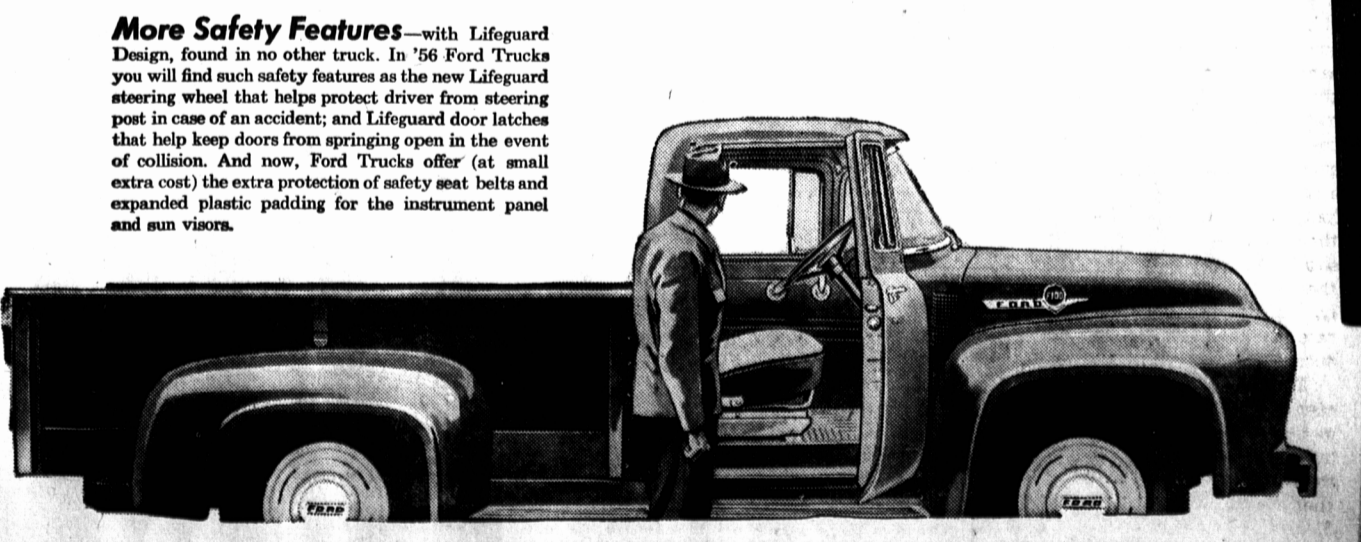
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SHE KNEW WHAT HE WAS... and she was afraid!

...yet even in her terror every fiber of her being cried out for his love!

JOAN CRAWFORD - JEFF CHANDLER

Female on the Beach

with **JAN STERLING**

and CEDIC KELLUMY - CHARLES DRAKE - JUDITH EVERTY - MARILEE SCHWARTZ

EXTRA! "SAUTER FINIGAN ORCHESTRA"

TODAY and THURSDAY

CAPITOL SHOWS 3 - 5 - 7 - 9

MAYFAIR THEATRE

MURRAY RIVER, P. E. I.

WEDNESDAY & THURSDAY, MARCH 14-15

"SASKATCHEWAN"

Starring ALAN LADD and SHELLEY WINTERS — Technicolor

FRIDAY & SATURDAY, MARCH 16-17

"COUNT THREE AND PRAY"

Starring VAN HEFLIN and JOANNE WOODWARD

CinemaScope and Technicolor