The SUMMERSIDE GUARDIAN
AND PRINCE COUNTY CHRONICLE

THE WESTERN GUARDIAN

AGENT—Mrs. John Pond, 44 Water Street East—Phone 289-1
SUMMERSIDE, AND PRINCE COUNTY

News, Subscriptions, Advertising should be left with Mrs. Pond

The Guardian may be bought daily at any of the following stores in Summerside:—
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The Guardian will be delivered to any home in Summerside by carrier Boy at 2c per day or 10c per week. Phone 289-1 for this service or leave your order to the boy responsible for deliveries on your route.

This column is reserved for news of local interest but advertising of a newsy nature may be inserted at 2 cents a word strictly payable in advance.

—SPECIAL —Waterman's Skywriter Pens $1.25 pencils 75c at Taylor Drug Co., Kensington. L-713.

—FALL SPECIAL. — 20 per cent all permanents now at McFarlane's Beauty Salon. Phone 11-1, Water Street, Summerside. L-740-9-8-3i.

—USE BRACE'S heavy 30-lb. Black Asphalt Felt Building Paper and cut the fuel bill. L-482-9-13-2i.

—FOR SALE. — Forty March hatched Hybrid pullets. Light Sussex and New Hampshire. J. S. Wright, Middleton. L-833-9-13-1i.

—WANTED—Four young ladies for field work with publishing company. Salary. Apply room 680, Queen Hotel, Summerside evenings 7 to 8:00 L-855-9-13-3i.

—MISS MacDONALD, Licentiate Music Mount Allison University will reopen her class in pianoforte on Tuesday, September 12 in Summerside. Phone 529-1. L-858-9-13-4i.

—SPECIAL PERMANENTS. In order to clean up our summer supplies, we are offering a limited number of guaranteed oil permanents at only $2.50. Also specials in other lines of beauty requirements. Effective from Sept. 15th to Sept. 15th. Write or phone Noonan's Beauty Parlor, Summerside. Phone ...3 L-859-9-13-2i.

—THE ANNUAL competition of the Kensington, Indian River and Kelvin Calf Clubs, also the Kelvin and Indian River Poultry Clubs will be held at the farm of Heath ...sley, Kensington on Friday, September 15th at 1 o'clock. Addresses on dairying will be given between classes. Attend this field day and show your interest in junior work. L-357-9-13-2i.

—RETURNED FROM TIGNISH Messrs. James Morrison, Senior and James Morrison, Junior, have returned to Summerside from Tignish where they were on a business trip. While there they assisted in putting out the disastrous fire which destroyed a store and other buildings in the village. Mr. Morrison, Senior, although round the 80 mark did his bit working alongside much younger men in the struggle to subdue the flames. S.

—MANY SEE HIGHLANDERS OFF—A large number of cars from Summerside drove to Borden on Monday evening to see the Highlanders off to the mainland. The Summerside Band, which had its ranks depleted to swell the C. Company's ranks, accompanied the crowd to give the boys a good send off. The majority of C. Company men came from Summerside and the points west. The boys have been in training in Charlottetown for the past week. S.

—C. W. L. MEETING— The Summerside Branch C. W. L. resumed their monthly meetings, which had been discontinued during the summer months, on Wednesday evening. There was an excellent attendance. The President, Mrs. McMahon, who was the delegate from the Summerside subdivision to the Diocesan Convention held at Charlottetown in August gave a very interesting report of its meetings. A letter was read from Mrs. Leslie Ramsay Diocesan President, concerning the voluntary enlistment of Catholic women for service in the event of war, and the resolution passed at the convention to the effect that the Catholic Women's League of Canada are prepared to join the ranks of service and each and all to do what they can to mitigate the miseries of war and hasten the day when peace and order shall be restored. This resolution was fully endorsed. It was decided to postpone the annual envelope collection until October. Meeting adjourned. S.

—TO-LET—Modern dwelling. Inspection apply James Cairns, Summerside. L-742-9-8-eod-tf.

—WHITE PLASTER WALLS will not discolor or become heat sieves if Brace's insul extra heavy wallboard is used. L-482-9-13-2i.

—LEGION ELECTS SLATE—The annual meeting of the Summerside branch of the Canadian Legion was held last night in the town hall with a very large attendance. Mr. Neil Durant retiring president presided. Election of officers were: President A. H. Corney; 1st Vice-President— L. W. Smith; 2nd. Vice-President —Patrick Martin, executive —B. W. Robinson; Neil Durant and Patrick Martin.

—DRIVING PARK SOLD— The Summerside Driving Park, which for over 50 years has been the scene of some of the best horse racing in the province, was sold by public auction yesterday afternoon and knocked down for nine hundred dollars to Dr. E. T. Tanton, the bid was ninety dollars over the highest bidder. Dr. Tanton was the president of the Summerside Driving Park Co. for some years. There was a good representation of local bidders and there was much spirited bidding. The auction was conducted by Mr. T. M. Linkletter. The trotting park comprises about 13 acres and has some remnants of the horse sheds left but the large exhibition building was long since torn down. It is some years since the last exhibition was held in Summerside but the horse racing and sports continued up to two years ago when they too were given up.

—SUMMERSIDE GOLF NEWS— At the Summerside Golf Course this week the semi finals in the Mixed Foursome Championship games were played, when Mrs W. E. Smallman and Harold Gaudet defeated Mrs. Alex Horne and Charles Peters one up. These winners now have to meet Henry Noonan and Mrs. Eric MacKay. In the Club handicap Championships 1st Round S G. Merriam defeated E. P. Foley; and W. H. Noonan defeated Alex Horne 2nd. Preston Noonan defeated J. LeRoy Holman. Henry Noonan and Ralph Silliphant won the low net in the Ball Sweepstakes and Norman Prichard Low Gross. Jimmy Walker who has been acting as professional at the Golf Course for the summer and had a successful season left on Monday to join his ship, Mr. Walker is a petty officer on a Canadian naval boat. During his stay in Summerside he made many friends who wish him good luck. He was presented with a parting gift on Sunday night from members of the Club.

—TOWN COUNCIL MEETING— The Summerside town council held their regular meeting last night, Mayor Campbell presiding. Several maters came up for discussion. In the matter of a new crossing at the west end, it was suggested that the CNR be asked to lay a rail crossing the same as at the east end as there appeared to be some dispute over who should pay for the laying of creosote ties. Another matter discussed was a petition from residents in the vicinity of the electric light plant asking for a silencer for the new engine; as this would involve considerable expense it was left to Councillor Morrison to bring a report. Councillor Phillips said he felt something should be done in this matter. A resolution supporting the board of trade that there should be no increase in telephone rates was passed. A resolution asking that the Prince County boys who enlist should be quartered at Summerside was also approved. It was decided to go ahead with the purchase of piping for laying of sewerage on Duke street and necessary grading and widening of road and that Councillor MacNeill be asked to approach the citizens on the street to allow the widening of the street if it should come through their properties. Some assistance from the government had been promised in this matter as an unemployment project. Mayor Campbell stated that Mr. Percy and aviation engineer from Moncton, had been in Summerside looking over the sites for a new airport and among others, one at the back of the cemetery had been inspected but as yet nothing had been decided.

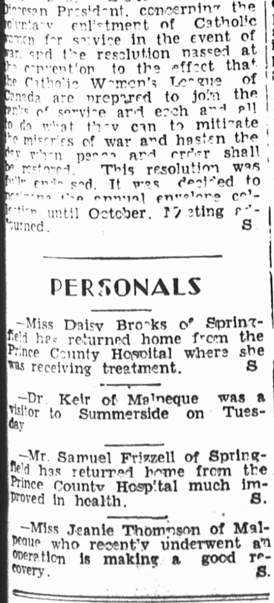
PERSONALS

—Miss Daisy Brooks of Springfield has returned home from the Prince County Hospital where she was receiving treatment. S

—Dr. Keir of Malpeque was a visitor to Summerside on Tuesday

—Mr. Samuel Frizzell of Springfield has returned home from the Prince County Hospital much improved in health. S.

—Miss Jeanie Thompson of Malpeque who recently underwent an operation is making a good recovery. S.



Germans Claim "Iron Ring" On Warsaw Tightens

(By Edwin Shanke, Associated Press Staff Writer)

BERLIN, Sept. 12—(AP)—Pounding at the Polish defenders of Warsaw on three fronts, the German army drew tighter tonight an iron ring which, its high command claimed, was threatening to choke off the besieged capital.

From the west, the northeast and the southeast, the armies of the Reich hit at the Poles simultaneously, it was asserted. The vanguard of the northeastern force was reported to have crossed a railway due east of Warsaw. The Germans said a Polish force of four divisions was beginning to surrender in an area southeast of Warsaw. (A division normally is between 10,000 and 12,000 men.)

The third active spot was a triangular area south of the Vistula and above Lodz, to the west of Warsaw, where between 50,000 and 60,000 Poles were said to be endeavoring to break a German circle.

Throughout all Germany, the populace eagerly followed accounts of the struggle for Warsaw. All other news paled into insignificance.

Berlin Hears "Peace Efforts"

Word spread through Berlin that Hitler's partner in the Rome-Berlin Axis, Premier Mussolini, was ready to make new peace efforts now since Germany claims that all Polish territory which was in Germany before 1914 has been retaken by the eastern army.

German sources said the Reich troops have pushed far beyond those 1914 limits in their drive to subdue Poland. Wilhelmstrasse spokesmen said they knew nothing officially of the Mussolini peace proposal.

The German high command said the cities of Poznan, Torun (Thorn), Hohensalza Gniezno and numerous others had been captured in the provinces of Poznan and West Prussia.

This advance was reported to have swept the Poles out of the north on a front running roughly from Gniezno to the north of Wloclawek, Plock and Modlin, fortress cities guarding the approach to Warsaw from the northwest.

Heavy Fighting Reported

Heavy fighting was reported by the Germans from the triangle formed by Kutno, Pliatek, and Leczyca, above Lodz and almost directly west of warsaw. German officials said the Polish army had suffered heavy losses and they expressed confidence the enemy would capitulate soon under the German vice.

A German victory here would open the way for a mass advance on Warsaw from the east, reinforcing motorized troops which reached Warsaw last Friday but which since withdrew to await the main German column. The advance force was said to have met heavy Polish artillery fire from the eastern side of the city.

Northeast of Warsaw, the Germans were reported to have fought their way across the Narew and Bug Rivers. They were said officially to have crossed the main railway line leading from Warsaw northeast to Bailystok and their advance guards were declared to have reached the railway between Warsaw and Sedlce, 50 miles east of Warsaw.

Retreat Cut Off

In the heavily-fought sector east of Radom and the Vistula and south of Warsaw, meantime, the retreat of four divisions was reported cut off by the Germans. The Poles were said to be beginning to lay down their arms.

German sources remained strangely quiet about developments on the French border, although they said civilians were being sent away from the western fortification zone.

Informed sources were emphatic in saying Germany would always let Great Britain set the pace in a blockade but that the Reich would match "an eye for an eye."

They declared submarines and other craft would be used for preventing contraband goods from reaching England only to the extent that Britain herself blockades Germany.

Roosevelt Gives Warning To Germany

WASHINGTON, Sept. 12—President Roosevelt served indirect but definite warning at a press conference today that if Germany were victorious in the war she would face the opposition of the United States in any attempt to seize British or other territory on this side of the Atlantic.

The discussion arose when a newspaperman questioned the President on his speech at Kingston, Ont., last year when he said "the people of the United States will not stand idly by if domination of Canadian soil is threatened by any other Empire (than the British Empire)."

Restating the Monroe Doctrine to the correspondents, Mr. Roosevelt made it plain that the United States, for its own protection, would be bound to resist any attempt at old world encroachment in the new world.

The President said the Monroe Doctrine was enunciated at a time when a number of portions of Central and South America had won independence from European sovereignities and had set up republics. There was talk at that time in Europe of a coalition of powers being formed to restore European domination over Central and South America.

He added that a reading of literature written about the Monroe Doctrine at the time it was enunciated would disclose the thought at that time indicated the acceptance that it meant no European power should reestablish its sovereignty over any section which had gained its freedom.

The statement he made at Kingston in 1938, Mr. Roosevelt went on, was nothing more than a restatement of the Monroe instrument.

And it applies, he added, not only to Canada but to all of the Americas, including British and Dutch Guiana, British Honduras, Gaudeloupe Mratinique and other possessions of European powers in this hemisphere.

WARM RECEPTION

OTTAWA, Sept. 12 —(CP) — Affirmation by President Roosevelt in Washington that the United States would defend Canada and British possessions in this hemisphere from German aggression if the war were lost by the Allies met a warm reception in the Canadian Capital tonight.

There was no official comment from Government circles, but the news from Washington recalled Mr. Roosevelt had declared at Kingston, Ont., in the summer of 1939 that the United States "would not stand idly by if domination of Canadian soil is threatened by any other Empire (than the British Empire.")

The President's restatement of this at a press conference today in Washington heartened a Canadian Parliament in special session to perfect plans for defence of the Dominion.

Newsmen Chafe Under Wartime Restrictions

By Pat Ussher
Canadian Press Staff Writer

LONDON, Sept. 12—(CP Cable)—Housed in a modern London university building, the newly-established ministry of information has assumed the task of determining what the public is to be told of Great Britain's part in the war.

The ministry is the channel through which newspapers receive news of progress on the fighting fronts- - news which many of them complain is meagre and unduly delayed.

Canadian, British and other correspondents go there regularly for press conferences and to get the latest available official information. Direct teleprinter communication links the ministry and all Fleet street newspaper and news agency offices.

Newspapermen are chafing under the wartime restrictions limiting the flow of news to a thin trickle. The biggest story in a quarter-century is on their doorstep but only the barest details of what is going on are issued and they are not usually available until hours after the events have taken place.

EDITORIAL CRITICISM

The meagreness of the ministry's statements already has been the theme of widespread editorial criticism in British newspapers. And a mixup over release of the announcement that British troops were in France today caused further indignation.

News cabled to Canada and the United States, as elsewhere, is checked by censors at the offices of the cable companies. Stories are delayed in transit on this account.

Criticism of news handling was outspoken at a conference between ministry officials and newspapermen. Lord MacMillan, the information minister, admitted the ministry is not functioning as smoothly as he would like. He agreed however, to meet the press in another conference to discuss their grievances.

Some experienced Fleet street pressmen have been drafted for service in the ministry.

The difficulties, continuing into the second week of the war, are attributed in part to the problem of organization involved in setting up censorship and to the short time for preparation. Plans made in advance have not worked out in practice.

This is attributed in some quarters to lack of agreement between ministry officials and military authorities.

(The remainder of this dispatch was delayed 8 1-2 hours by the censor.)

CENSORSHIP MUDDLED

Under a front page heading, "why the morning papers were late," the London Star recounted in detail a censorship muddle over news of British troops in France that occurred last night.

Here is the Star's story:—

"Many morning newspapers were delivered late or not at all today owing to the action of the censorship.

"Late last night (11:15 p. m. British time) authority was given by the ministry of information to an announcement that British troops were fighting side by side with the French.

"At 11:33 p. m. the ministry withdrew their authority.

"Some newspapers had received the censor's sanction to print the facts at an earlier hour and the story was already in the early editions being given great prominence on the front page at 1:45 a. m. Tuesday.

"Meanwhile other editions of the newspaper were being prepared without the banned stories.

"Then at 2.25 a. m. came a final announcement from the ministry of information authorizing the release of the news after all."

Today the ministry of information issued a communique saying British troops were in France but had not yet been in action. It did not explain this contradiction with the earlier story.

MR. JOSEPH J. KELLY

Numerous friends throughout Massachusetts and Prince Edward Island were sincerely grieved to learn of the sudden passing of Joseph J. Kelly 60 Edenfield Ave., Watertown, Mass., at the early age of forty years.

Mr. Kelly was the victim of an unfortunate accident which occurred when he was removing a staging from the Marshall Spring school in Watertown.

The deceased was a native of Prince Edward Island and had gone to the United States some twenty years ago. A carpenter by trade, he was widely known as a builder and contractor. An amiable disposition, an upright character and a firm adherence to his religious convictions were only some of the sterling qualities which the deceased possessed. A staunch Catholic he had the great consolation of receiving the last rites of the church from his cousin, the Rev. Joseph Griffin, of the Oklahoma diocese.

Left to mourn are his widow, Mrs. Mae C. (Shaw) Kelly, four children, Ruth, Esther, Lawrence and John, his father and mother, Mr. and Mrs. John Kelly, Auburn, P. E. I., five sister, Mrs. Dominic Churchill, Stoneham, Mass., Mrs. Gertrude McLeod, Watervale, P. E. I., Mrs. Ralph Adams, Somerville, Mass., Mrs. Chester J. Sutherland and Mrs. Carol Taylor, Watertown, Mass., six brothers, Frank, Dorchester, Mass., Arthur, Cambridge, Mass., Ambrose, Augustine, William and George, Auburn, P. E. I.

A vast concourse of people, composed of relatives, friends, Holy Name Society members, Benevolent Irish Society members and Watertown city officials, attended the funeral held on Sunday afternoon, August 6th, at St. Patrick's Church, Watertown. Services at the church and grave were conducted by Rev. Joseph Griffin.

The pall-bearers were Messrs. John A. Cummisky, Damien Duffy, Henry McGuirk, Louis McCabe, John H. Conway, John Carbone, Kenneth McDonald and James McKearney. The remains were laid in St. Patrick's cemetery, Watertown, R. I. P.

BRITISH

(Continued from page 1)

have left the Riviera a few days ago were unheard of until an official communique today revealed their safe arrival in England.

The Ministry of Information announced on the Prime Minister's return tonight:—

"The meeting has fully confirmed the firm resolve of Great Britain and France to devote their entire strength and resources to the waging of the conflict which has been forced upon them and to give all possible assistance to their Polish ally who is resisting with so much gallantry the ruthless invasion of her territory."

Other Developments

Other developments included:—

1. Britain taking action to send part of her Governmental machinery from London, announced she was taking steps to transfer between 7,000 and 8,000 Government employees to secret points in the country.

2. The 9,456-ton British tanker Inverliffey sank in the Atlantic, presumably after a submarine attack, and her crew was rescued by an American tanker.

The Ministry of Information in announcing the Prime Minister's flight to France said he was accompanied by Lord Chatfield, Minister for Coordination of Defence, and that the Supreme War Council's meeting also was attended by France's Premier, Edouard Daladier, and General Maurice Gamelin, commander-in-chief of the French army.

In announcing that steps were being taken to transfer part of the British Government machinery from London a spokesman emphasized "There is no question of the Government as a whole being evacuated."

He added that "Not a single Minister" nor anyone concerned in the wartime activities of the Government was leaving the capital.

The announcement followed by some hours final censorial authorization for publication in Great Britain for the first time of the news of the arrival of British troops, planes and equipment in France.

(French dispatches last week carried unconfirmed reports that British troops had landed on French soil.)

Subways Remain Closed

The Government also announced that some of the many London subway stations now closed to the public would have to remain closed indefinitely.

The closings were ordered to permit precautions to eliminate the risk of flooding by bursting water mains or sewers during an air attack.

Some Britons interpreted the arrival of their troops in France as setting the stage for the first major allied offensive of the war.

NAZI ADVANCE

(Continued from page 1)

nouncements was interrpreted by listeners at Budapest as indicating the fifth day's fighting at the Capital had brought little change in the siege.

An announcement from an unidentified radio station said two Polish divisions that had been cut off in fighting along Poland's western boundary were marching eastward in an effort to fight their way through to join the Warsaw defence. Their location was not given.

Citizen-Soldiers Aid

Other reinforcements, an announcement from the station at Lwow said, were being rushed into the city. The Warsaw announcer said earlier the defenders, aided by citizen-soldiers, were in fighting positions along the east bank of the Vistula River, which runs through the Capital.

The Polish army headquarters declared that the besiegers had been thrust "far into the outskirts of the city" and the nearest German troops were six miles from the centre of Warsaw.

Severe fighting was reported around Modlin, where the Bug and Nazaw rivers join the Vistula. That is nearly 20 miles north of Warsaw. There, it was said, the attack was supported by intensive artillery fire and many tanks.

Old Fort

The Polish line at Modlin is hinged to the half-buried ruin of an old fort which was part of the defence works the Russians used in efforts to hold Warsaw during the Great War.

A German radio station reported the invaders had forced their way from the northwest to a position east of Warsaw. That would mean they had crossed the Bug River, which runs from east to west, joining the Narew 20 miles north of Warsaw. Observers said, too, such a spearhead narrowed the lane of communication from Warsaw back to Lublin and Lwow in southeastern Poland.

LIQUOR TAXES

OTTAWA, Sept. 12—(CP)— Spirituous liquors will carry an additional tax of $3 a proof gallon under the budget tax changes introduced today by the government. This will mean an increase of about 35 cents on each "reputed quart" of 26 ounces of ordinary and slightly more than 50 cents on each 40-ounce bottle.

Taxes on wine and beer, and materials used in making beer, now comparatively light, are also increased slightly. The cost of beer is expected to increase about two cents a quart.

Excise taxes on spirits distilled in Canada are increased from $4 to $7 a proof gallon back to the tax level applying from 1932 to 1935. Before that it was $9 a gallon.

The rate on imported liquor is stepped up a similar amount, from $5 to $8 a proof gallon. Canadian brandy, which now pays $3, will pay $6 a gallon.

This $3 increase is expected to bring in an additional revenue of about $12,000,000. While sales may decline somewhat, domestic liquor consumed in 1938 was 2,302,210 gallons, with roughly 2,000,000 gallons of imported liquor. Sales statistics for the last fiscal year ended March 31, are not yet available but are said to be somewhat higher than the previous year.

Kensington And Vicinity

Miss Bernice Shea, has returned to her home in Charlottetown, after enjoying a pleasant holiday in Kensington. While here she was the guest of Mr. and Mrs Albert McLellan.

Messrs. Waldon Darrach, Emery McFarlane and Harland Found were visitors to Port Hill recently.

Mrs. Joseph Cameron has returned to her home in Boston, Mass., after enjoying a pleasant three weeks holiday with her sisters, Mrs. P. N. LeBlanc and Miss Eileen Shea, Kensington.

Among the recent business visitors to Summerside were, Messrs. Ian Darrach, Robert Humphrey, Michael Mountain and Ivan Darrach.

Mrs. Mae Mill St. Eleanors, was in Kensington Saturday visiting relatives and friends

Mr. Hughie McQuaid has returned to Kensington, after a brief visit to Charlottetown.

Mrs. Preston Chappell and son, Roy are enjoying a pleasant holiday with relatives and friends in Sherbrooke and St. Eleanors.

Miss Gertrude Gillis has completely recovered from her recent attack of Scarlet Fever, has returned to St. John, N. B., to resume her duties at the Saint John General Hospital, where she is in training

Students attending Prince of Wales College, Charlottetown, Summerside High School and Mount Allison University, Sackville, from Kensington, have all departed for their respective Alma Maters and are by now undoubtedly busily engaged in their quest for greater education.

Three of fair lassies namely Miss Helen Rogers, R. N., Miss Inez Gorman R. N. and Miss Vivian Paynter R. N., have like many more throughout the Province, heard the call of the motherland and volunteered for service in Military Hospitals.

His many friends will be pleased to hear that Mr. Charles Huestis who has been seriously ill during the past three weeks, is now on the road to recovery

Mr. George Brookins was a business visitor to Charlottetown recently.

Miss Laura McLennan, returned to her home in Montague on Saturday, after a pleasant visit with friends in Kensington.

A social and interesting gathering of The W. A. of Stephen's Burlington recently met at the home of Mrs. W. J. Harrington. The members of St. Mark's, Kensington, were also in attendance. Mrs. J. G. Townsend, President, presided assisted by the vice-pres. Mrs. Harry Brander. Meeting opened with the singing of that beautiful Hymn, "The Love of Christ Constraineth." Mrs. A. B. Cosh, Division President, Charlottetown, gave an inspiring address, giving a sketch of the history and also of the work of the W. A. Other speakers were, Mrs. Coles, Mrs. Batt, and Mrs. Pierce, St. Paul's W. A. A vote of thanks moved by Mrs. W. C. Paynter was tendered to Mrs. Cosh. After the conclusion of the meeting a social hour, was then spent on the lawn, during which a sumptuous lunch supplemented with ice cream was served by the hostess. Many expressions of appreciation were voiced by the guests, for the enjoyable afternoon, wishing it could in future, be an annual affair.

An enjoyable evening was had by about one hundred and thirty of the younger set, when they gathered together in the Kensington Town Hall on Saturday evening to tender a farewell party to Mr. Eric Jardine, a popular member prior to his departure to Mount Allison University, Sackville N. B. on Monday morning. After an evening of tripping the light fantastics to music furnished by Messrs. Mallett, Hunter and Durant, local musicians and partaking of a dainty lunch served by members of the fairer sex, one and all wished Eric a successful and enjoyable year with his new Alma Mater.

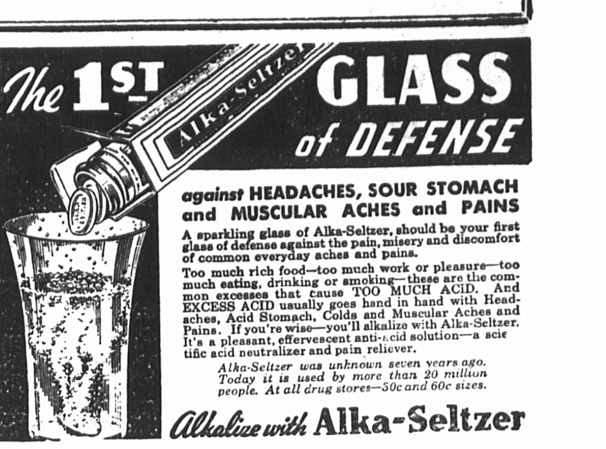
The United Church Male Choir of O'Leary, consisting of eighteen members, directed by Mr. Nesry Shelfoon and accompanied by Mrs. G. L. Black, organist, visited the United Church, Kensington on Sunday evening, Sept. 10th, and with perfect accord and volume beautifully rendered the following Hymns, "Tarry Awhile With Jesus," "Go Ye," "Sweet Zion Bells," and "O God of Love," and also leading the congregational singing of Hymns. Appreciation and thanks on behalf of the congregation was tendered the choir by pastor, Rev. Mr Salter. After the services the choir was tendered a dainty lunch at the manse, served by members of the Kensington United Church Choir. H.

Mrs. Maud Crockett Cottrell, has returned to her home in New Hampshire, after a pleasant visit with relatives in York.

The condition of Mr. Kenneth MacMillan Covehead Road, shows some improvement after a serious illness since March 1st.

HEALTH OFFICER PASSES

HALIFAX, Sept. 12 —(CP)—Dr. W. D. Forrest, chairman of the Halifax City Health Board, died here suddenly today. He was 65 years old. His wife, two daughters and three brothers survive.



Many Sources

(Continued from page 1)

stand strains.

"No one can doubt the courage and the moral strength of the Canadian people. But this courage and strength must be shown at home as well as on the field of battle."

Revenues from the existing tax structure for the present fiscal year, ending March 31 next, were placed at $495,000,000, just $5,000,000 in excess of the estimate made in the regular budget. Mr. Ilsley recalled the budget estimate last April placed expenditures at $551,000,000 and adding to this $100,000,000 appropriated in the war supply bill passed yesterday, anticipated total expenditures for the year of $651,000,000.

$21,000,000 Extra Revenue

Revenues likely to accrue during the balance of the fiscal year from the new taxes were placed at $21,000,000. This would not include returns from the increased income tax nor the excess profits tax which will not come until well into the next fiscal year.

On actual revenue in sight, the probable deficit is placed at $135,000,000.

Without allowing for any increase in production and income from 1938 or 1939, Mr. Ilsley said the new imposts, other than the excess profits tax, would yield about $62,000,000 over a whole year. He refused to hazard a guess as to returns from the excess profits tax or the extent to which the increased income and business would add to the returns from other taxes, new and old. The budget debate began with Mr. Ilsley's speech which was considered by many veteran parliamentary observers as one of the most lucid expositions of war financing ever delivered in Canada.

The observations on inflationary methods of financing as compared with borrowing and taxation appeared to reflect the discussions before the Commons Banking and Commerce Committee last session when Graham Towers, Governor of the Bank of Canada, was chief witness

Voiced General Approval

Hon. H. H. Stevens (Con. Kootenay East) assumed the role of opposition financial critic and voiced general approval of the budget. He was glad the sales tax was not increased and thought if a change was contemplated there it should be turned into a turnover tax of one or two per cent.

M. J. Coldwell (C. C. F. Rosetown-Biggar) regretted no tax had been imposed on capital gains. He thought profits made from increases in the value of securities a possible source of large revenues.

Norman Jaques (S. C. Wetaskiwin) said the war could be financed without borrowing if the Government would use the Bank of Canada to issue new credit. Taxes could be devised to prevent undue increases in price levels.

Heavy taxes involved in a strict pay-as-you-go policy might easily disrupt Canada's economic machine and interfere with production said Mr. Ilsley. For this reason the Government would have to depend on borrowing to some extent.

Economic Consequences

Discussing the relative economic consequences of raising money by taxation, borrowing and inflation, Mr. Ilsley concluded whichever method was employed the actual cost of the war must come out of the resources and energies of the Canadian people.

The burden might be lightened to the extent that unemployed men were put to work.

The revenues of the Government also would probably increase from the increased business activity, increased employment and increased income brought about by Canadian war efforts and by purchase in Canada of supplies for the Allied Nations.

Inflation on any considerable scale would force prices up and lead to economic disturbances. If it were possible to regulate all prices in such a way as to prevent increases this would be tantamount to taxation because it would deny people the right to use the money placed in their hands.

Credit Expansion

"All this is not to say that a small and carefully regulated amount of credit expansion may not be desirable in the early stages of the war in order to assist the increase of production and employment," said the Minister.

In imposing taxes the Government was proceeding on the principle of "equality of sacrifice on the basis of ability to pay." It would not be timid in deciding when taxes were likely to exceed the point at which they might interfere with production.

In its borrowing operations the Government did not expect to pay higher interest rates than now prevailing. Conditions had entirely changed since the last war and the rates then paid would not be necessary now.

The war finance policy contemplates two stages, the first one of increasing production and employment and the second the period in which Canada's economic machinery functions on a war basis. During the first, some borrowing would be necessary and possibly some inflation. In the second, revenues would be much larger than at present due to increased activity and the higher taxes.

Large Borrowings Unwise

"It would be unwise and probably impracticable to attempt at an early stage any large borrowing operation designed to draw heavily on public saving," said Mr. Ilsley. "Only after the initial period of expansion is well under way should we find it necessary to offer a loan for general public subscription."

The excess profits tax is an attempt to recover some of the profits which will accrue to private industry as a result of war conditions. In order to avoid injustice businesses are given the option of two methods of taxation.

Under one they will contribute 50 per cent of all profits in excess of the average annual profits for the past four fiscal years. Under the other they will pay a percentage of their actual profits. This starts at 10 per cent for profits of between five and 10 per cent on capital and runs up to 60 per cent on profits of 25 per cent or more.

The corporation income tax is increased three per cent to 18 per cent and, in the case of consolidated returns, to 20 per cent. Individuals liable to income tax will pay a surtax of 20 per cent on the taxes now paid and no change is made in the schedule of exemptions.

Individuals who escape the income and excess profits taxes are likely to contribute to the war chest through one or other of the increased imposts on liquor, beer, wine, tea, and coffee or the new levies on soft drinks, salted or smoked meats, canned fish and domestic gas and electricity.

Conservative Leader Manion hoped Canada would pay its way as it went along without ruining the country financially and economically. He agreed with Mr. Ilsley that this was a time for courage and sanity throughout the Dominion.

Dr. Manion approved Mr. Stevens' suggestion that there should be some protection for manufacturers who make heavy expenditures to prepare for war manufactures and thus run a grave risk of heavy loss, in case the machinery should be useless after the war.

The Conservative leader reiterated his offer of cooperation with the Government, and asked that the Prime Minister and his Government "return the compliment" and keep politics out of the national effort. He was anxious for "national understanding and a united country, at this time."

Survivors Are Expected In N. S. Capital Today

HALIFAX, Sept. 12-(CP)-More than 200 survivors of the Athenia torpedoing will arrive here tomorrow aboard the United States freighter City of Flint, will be fed, whisked into baths, measured for clothing and then put to bed in Pier 21 for a rest and to await delivery of their new suits and dresses.

Several doctors and at least 25 nurses who volunteered their services to the Canadian Red Cross will tend the injured and ill. None of those aboard the freighter is believed seriously hurt. The Red Cross also will provide funds sufficient to take to their homes all those who are in need.

Six hours after the vessel's arrival a special train with a doctor and nurse aboard and equipped with a small surgery will roll out of Halifax for Montreal bearing many of them homeward. Others will depart aboard the United States Coastguard Cutters Bibb and Campbell which met the Flint off Newfoundland to escort her home. Some will stay in Halifax for a few days.

For the survivors it will be the end of a nine-day voyage aboard a vessel whose passenger accomodation for six already was more than crowded by 29 United States citizens fleeing from a war-stricken Europe. How they lived is yet to be told.

Relatives and friends of the Athenia survivors have been arriving in Halifax ever since it was announced the Flint was coming here. Newspaper reporters and cameramen from as far away as Houston, Tex., are on hand to cover the arrival.

The Flint and the two cutters are expected to dock about 9 a.m. adt unless adverse weather holds them up during the night. Immigration regulations will be waived and the passengers are expected to come ashore immediately. Most lost ever their passports when the Athenia went down.

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