



FRENCH PREMIER VISITS WASHINGTON

NEW YORK—French Premier Guy Mollet, center, wearing glasses, faces lineup of microphones on his arrival at New York's International Airport Monday on way to Washington, D.C., for talks with President Eisenhower about Middle East crisis. On hand to greet Mollet, who was accompanied by Foreign Minister Christian Pineau right, were Herve Auphan, French Ambassador to the United States, left, and Richard C. Patterson, Jr., head of New York Mayor Wagner's reception committee.

Prof. Harvey Says Saving Should Equal Investment

By FORBES RHUDE
Canadian Press Business Editor
Would it be possible to work out a formula for avoiding both inflation and depression by a system of compulsory savings at rates that would go up and down with the cost of living?
This thought arises after reading an article by Prof. Walter B. Harvey of the University of Western Ontario's department of political science.
Prof. Harvey reviews some of the pros and cons concerning the cause of inflation and concludes: "In a free-enterprise economy the only way a great investment program could be carried through without inflation would be if people would save an amount equal to the total amount being invested."
"If we saved the increase in our incomes, if we spent no more on consumer goods than we used to, the demand for consumer goods would not increase and prices would not rise."
"And the increased savings would be available to pay for capital goods which could then be financed without an increase in debt, i.e., without the creation of that extra monetary purchasing power (new money borrowed from banks) which permits inflation."
CONSUMER RESPONSIBLE
"Who then is to blame for the rising cost of living? Not labor and not the business man as such, but all of us who buy unnecessary consumer goods instead of saving."
In advocating saving — apparently on a voluntary basis — Prof. Harvey backs up the advice of our monetary authorities and chartered banks.
However, he puts a more definite tag on spending as the cause of inflation, and saving as a preventive, than do most others.
Let us, for the moment at least, accept Prof. Harvey's premise.
Then we may ask ourselves, can a formula be devised by which savings would automatically rise when prices rise, and savings be freed when prices drop or a recession threatens?
FORMULA POSSIBLE
Such a formula might indeed be envisaged. It could even be argued that it might be a logical permanent part of government budgeting and have a softening effect on the operation of other government monetary controls.
It would, however, probably involve compulsory savings — a system used in wartime — and the cost-of-living index.
Given compulsory savings, such a formula might provide that for every point — or so many points — that the cost of living index went up, the rate of compulsory saving would be automatically increased; and for every point — or so many points — that the cost-of-living went down, these accumulated savings would be automatically freed. Probably a once-a-year adjustment would be sufficient.
Carrying the idea further, if deflation or recession or depression developed to the point where the country's money supply became abnormally low, one could even envisage the government giving money to the taxpayer at certain levels rather than collecting it.
This would be using deliberate and direct inflation to combat deflation. It would be putting purchasing power into the hands of the consumer directly, rather than indirectly as was tried with doubtful success during the depression of the 1930s.
COMPULSORY SAVINGS
However — because we do not expect depression just now — let us return to compulsory and automatic building up and freeing of savings.
The most apparent manner in which this could be accomplished would be through the income-tax structure.
Many will think this is a horrible idea and perhaps it is.
However, there are other horrible ideas which are more than theories. One such is called "switching off" of buying power. Under it, the authorities of the day say, in effect, to the taxpayer:
WRITER DIES
DINAN, France (AP)—Roger Vercel, praised by French reviewers as one of France's best writers, died of a heart attack in his seaside villa here Tuesday. He was 88. Vercel in 1936 received the Prix Goncourt, France's leading literary award, for *Capitaine Conan*, a book on sea adventures.

Keeps Track Of Drifting Raft

PARIS (Reuters) — A Paris druggist with a home-built radio transmitter and receiver is keeping daily track of a bamboo raft drifting eastward midway in the South Pacific with five men, two cats and a pig aboard.
The chemist, Andre Jacob, said Wednesday he will be the first

to have a sigh of relief when the 50-foot raft, the Tahiti Nui, captained by Eric de Bisschop, 66-year-old French sea adventurer, reaches the Valparaiso coast early next May after a voyage from Papeete, Tahiti.
For the last month, because of had atmospheric conditions, Jacob's messages to the raftmen have been relayed through a radio ham in Tahiti.
The Tahiti Nui, which began its eastward voyage last November, will continue from Valparaiso on easterly winds northward along the Chile coast and then take a similar course to that of the Norwegian explorers of the Kon Tiki raft westward across the South Pacific and back to Tahiti.

Judgment Favors Mining Co. In Municipal Tax Question

TORONTO (CP) — An Ontario Supreme Court judgment in a tax dispute between International Nickel Company and a Sudbury district township was termed "significant to mining in Canada" by J. T. Weir, Q.C., of Toronto, the company's solicitor.
The case, decided in INCO's favor, concerned a new plant in Waters Township, near Sudbury, which uses a new process to recover iron in commercial quantities from hitherto valueless ore.
It was regarded by the company as a "concentrator plant." Mining properties on which these plants are built are exempt from municipal taxation under the Assessment Act of Ontario.
TOWNSHIP VIEW
W. A. Inch, solicitor for Waters Township, argued before Mr. Justice Dalton Wells that the new plant was not a concentrator but part of the industrial section of INCO and thus normally subject to municipal tax.
After hearing testimony of two

expert witnesses and legal arguments, Mr. Justice Wells ruled that the iron plant was a concentrator and th assessments made on the property for the last two years must be struck from the taxation rolls of the township.
The 1955 assessment, including a 60-per-cent business tax, amounted to \$480,000. The 1956 assessment, with business tax, totaled \$2,880,000.
Mining companies in Ontario are required to pay taxes to the provincial government on profits from mining operations.
The Waters Township case was based on the contention that the province collects mines profit taxes only on that portion of INCO's operations from the mine up the concentrator. The township wanted to tax the remaining operations which it termed "industrial."
RULED FOR COMPANY
Mr. Justice Wells said: "The ore obtained by INCO contains many metals, nickel, copper, iron

mixed with sulphur and some quantities of gold, silver and platinum."
"In the concentrator the ore from these metals is separated, but it was not possible to recover iron in a profitable form until the new method was put into operation in waters."
"The purpose of this plant is to produce an iron oxide comparable to iron ore found naturally in the ground and has the same function."
"By the new development of chemical research it is carried on in the plant in question."
"In my opinion that is not manufacturing iron ore. It is simply taking ore and removing impurities to a point where it can be sold. There is no market for ore when it is a nickel-bearing iron sulphide is to encourage the act (Section 33, subsection to perfect the ore. That is why I believe concentrators are exempt from taxation," Mr. Justice Wells said.
INDIANAPOLIS (AP) — Mrs. Ella Una Belles, 90, an aunt by marriage of British Prime Minister Macmillan, died in hospital Tuesday.

Britain Plans Nuclear Sub

LONDON (Reuters) — British plans to build a nuclear-powered submarine similar to the United States Navy's Nautilus were announced Wednesday.
The Vickers Nuclear Engineering Company said they are engaged on an admiralty project to design and develop nuclear machinery for installation in a submarine.
The company, formed by Vickers Armstrong, Rolls Royce and Foster Wheeler, said it is developing a propulsion unit based on a pressurized water reactor.
TEETH TAKE PRECEDENCE
FRESNO, CALIF. (AP)—A passenger train was delayed 20 minutes Tuesday because the engineer sneezed so hard his false teeth flew out the cab window. The Southern Pacific's San Joaquin daylight was moving up-grade. Engineer William J. Franey, 60, Los Angeles, ground the train to a halt, got out and hunted in vain for his wayward teeth.

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