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The Guardian

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"Covers Prince Edward Island Like The Dew"

CHARLOTTETOWN CANADA, TUESDAY, JANUARY 28, 1958

NOT MORE THAN FIVE CENTS

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Queen Mother Leaves London By Air Today

LONDON (Reuters) — Queen Mother Elizabeth spent Monday night with Princess Margaret before setting off today on her informal "meet the people" tour of Australia and New Zealand.

Floods Loom In Areas Of New England

BOSTON (AP) — Sections of New England Monday faced their greatest flood threat since punishing Hurricane Diane struck the area in 1955.

N. S. Prepared To Negotiate Hospital Insurance Plan

OTTAWA (CP) — The Nova Scotia government has indicated it wants to negotiate a hospital insurance agreement with the federal government, Health Minister J. Waldo Monteith said Monday.

Dulles Promises Military Backing For Baghdad Pact

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But there were charges the new administration had not consulted adequately with the provinces had tossed the tax proposal into their laps without asking whether they liked it; and had given the Atlantic region "charity" instead of basing adjustment grants on a national formula.

Erhart Regier (CCF—Burnaby-Coquitlam) said that when he looked at what Ontario would get out of the new split—an increase of \$21,000,000 a year—he could not help feeling Prime Minister Diefenbaker was paying off Conservative Premier Frost for his help in last year's federal election campaign.

And the special grants to the Atlantic provinces were also a "part payoff for the last election," the British Columbia MP said.

He observed also that the increase for Ontario—about \$22,000,000—was only a fraction of the \$100,000,000 which Premier Frost had stated last year was absolutely essential for his government.

Solon Low, Social Credit leader, sided with Mr. Knowles in opposition criticism. He said the Atlantic payment, instead of being based on a formula, was pulled out of a hat.

(Earlier, correspondence between Mr. Diefenbaker and Premier Stanfield of Nova Scotia, spokesman for the Atlantic premiers, was tabled in the Commons. In one letter, Premier Stanfield outlined a formula that he said had been worked out by the Atlantic premiers, adding "this would bring the special grants to the four Atlantic provinces somewhere in the vicinity of \$25,000,000.")

The government, Mr. Low said, was erecting walls to bolster excuses for not reconvening the federal - provincial conference. The financial assistance would help the provinces but the government should make abundantly clear that it planned to reconvene the conference as soon as possible.

Mr. Fleming said the \$25,000,000-a-year payment for the Atlantic region approximates a complex payments formula worked out among the four provinces. The payment was justified by the economic facts of life; all provinces agreed at the November fiscal meeting that no obstacles should be put in the way of recognizing the Atlantic region's special fiscal needs.

As for the tax change, the Conservative administration recognized the heavy burdens carried by the municipalities.

"We are federalists, not centralists," he said. The government had to take into consideration that too much of the "Canadian tax dollar was going into the federal treasury.

The tax concession would give the municipalities "powerful aid" in financing new works and thus providing more jobs for the unemployed.

The tax change retained "full recognition" of the share - the wealth equalization principle; the amount going to the provinces would be calculated on 1957 rates of taxes; the change would have no bearing on the present royal commission inquiring into how Newfoundland, is arising financially under "Confederation."

W. Pickersills (L—Bonaville-Twilling) said the government maintained the equalization principle only because Premier Campbell of Liberal Manitoba, Douglas of CCF Saskatchewan, Manning of Social Credit Alberta and others had insisted on this point last November.

He said the special grants to the Maritimes also should be made available to Manitoba if the need arises.

As for the Atlantic grants, the four provinces were being placed in the embarrassing position of receiving "handouts" and "charity" instead of their needs being based on a payments formula which could be applied to other provinces.

"I suggest that if there is any shame it is to be heaped upon the government for once again pitting the Atlantic provinces in the position that they are getting a form of charity rather than something which is their right on the basis of a principle adopted by Parliament."

He and other opposition speakers indicated, however, they will

would get an increase of \$370,000 actually will get no increase. However, she will benefit from the \$25,000,000-a-year special payments for the Atlantic provinces.

Ontario will get an increase of \$22,315,000 instead of \$21,316,000; Quebec \$18,859,000 instead of \$17,780,000. Increases for other provinces with Mr. Fleming's previous calculations in brackets: Newfoundland \$1,656,000 (\$1,595,000) Nova Scotia \$2,784,000 (\$2,627,000) New Brunswick \$2,236,000 (\$2,111,000) Manitoba \$3,405,000 (\$3,219,000) Saskatchewan \$3,481,000 (\$3,290,000); Alberta \$4,595,000 (\$4,335,000).

The estimated total tax-sharing benefits to the provinces in the 1958-59 fiscal year, starting April 1: Ontario \$238,326,000; Quebec \$197,861,000; Newfoundland \$17,714,000; P.E.I. \$4,136,000; Nova Scotia \$29,191,000; New Brunswick \$23,490,000; Manitoba \$35,755,000; Saskatchewan \$36,552,000; Alberta \$48,231,000; British Columbia \$61,825,000.

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In any event, the channel through which information would be exchanged would continue to be the liaison offices in Washington of the national research council and the defence research board.

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