

THE GUARDIAN

Authorized as Second Class Mail Post Office Department, Ottawa. The Island Guardian Publishing Co. CIRCULATION Total City Zone 3,763 Retail Trading Zone 8,437 All Others 834 Total Net Paid 13,018 Editor and Managing Director, J. R. Burnett Associate Editor, Frank Walker

"The Strongest Memory is Weaker Than the Weakest Ink"

CHARLOTTETOWN, TUESDAY, MAY 29, 1951

Aid For Education

The issue of Federal aid for education appears to have been shelved for the time being, and it is of course the less wealthy Provinces, such as Prince Edward Island, which can least afford to meet ever increasing educational costs out of the provincial treasury. The chief argument used against Federal aid in this connection is the provision in the British North America Act, which makes education a matter of provincial jurisdiction.

Some of these expenditures are direct through Federal Government departments for education of Indians, education in the Northern Territories, veterans and military personnel. Other expenditures are indirect, such as youth and apprenticeship training, training of personnel under the National Health Grant programme, etc., the largest proportion of which is paid to the Provincial Governments; and also aid to educational institutions for research purposes.

If it is not wrong to give and to receive in these areas of education where only a small percentage of the population is directly affected, why should there be anything unconstitutional about similar transactions to assist the masses of young Canadians at elementary and secondary school levels? This is the question posed by the Teachers' Federation, and so far it has not been satisfactorily answered. When it is realized that about one-third of our young Canadians end their schooling in the elementary grades and that three-quarters never complete high school, it appears that the education of this great majority of the future citizens of Canada might well be a concern of Canada as a whole and that the Federal Government might extend its financial assistance to make possible more adequate facilities and better training for these young people.

Tax-Gatherers All

Grocers in Quebec City intend to stop collecting the Provincial sales tax because the two per cent commission they are allowed does not compensate them for the cost of accounting. The Quebec merchants are, of course, fortunate. Employers throughout the country are obliged to collect Income Tax from their staffs without any compensation for the expense they are put to.

Most Provincial sales tax levies are on a similar basis to the Federal Income Tax. They are collected, free of charge, by the merchant who is almost certainly an unwilling tax-gatherer.

The peculiar iniquity of the system is that the ultimate taxpayer is not usually conscious of the nature of his payments. He thinks, in the one case, that his employer is paying lower wages than in fact he is, and in the other instance that the merchant is charging more for his goods than is actually the case. At the same time he remains sublimely unconscious of the fact that he is paying taxes or what his taxes amount to in the course of a year.

Profits & The Labor Party

Profits are usually anathema to people weaned politically on socialism. It is, therefore, of more than passing significance that a British Labor Party publication entitled "This Cost of Living Business" should state bluntly that profits are desirable and necessary to the successful operation of the British economy.

The creation of reserves to pay for expansion and re-equipment, as well as the additional money manufacturers want to pay shareholders must come from profits, says the Labor party publication. "If the money to pay for this were not raised from profits it would have to be raised in some other way."

Competition in industry also comes in for a word of praise in the Labor party pamphlet. "When prices are rising, and both production and sales increasing," it is pointed out, "profits are likely to be relatively high and rising. This is not to say that all firms or all industries will be mak-

ing profits. Most consumer goods are made by a fairly large number of firms, the profits of which vary between the leading and the less efficient firms."

That a decent profit-margin is a token of efficient management is apparent to most business men. The penalty of inefficiency is failure. What is significant is that British Labor recognizes profits as symbolizing a healthy economy, efficient production and competitive marketing.

"This Cost of Living Business" is recommended reading for Liberals, Progressive Conservatives and CCF'ers alike.

EDITORIAL NOTES

Interest is widespread in the Drama Festival finals at Parkdale Hall. Drama is enjoying a real revival here.

It's National Tourist Service Week but the object is to assure tourists of the best possible service any week they happen to be here.

Oak Apple Day. Oak is probably no longer worn in commemoration of the Royal Oak incident on this anniversary of the restoration of Charles II, 1660.

Classes are over for the college boys and girls but railwaymen are starting school all over again, the curriculum being the new standard train operating rules.

A nineteen per cent increase in store sales for the first quarter of the present year is highly satisfactory, and, better still, the prospects for the subsequent quarters are good.

The success of U. N. forces in Korea should not lead to excessive optimism. The lads out there can kill and capture Communists but the end of such a campaign can only be political, not military.

Almost wherever one goes an Islander or Islanders may be found, hence it is not surprising that not a few of them are 'at the front where dangers lie. They have adventure in their blood.

Civil Defence, like charity, begins at home. Every individual should take steps to assure his being able to carry on his necessary duties in case of emergency and at the same time give thought to what community service he, or she, can give to help others to carry on also.

A 30 per cent reduction in potato acreage all over Canada, and in the U. S. potato belt would prove a blessing indeed. Unlike grain, potatoes are a perishable crop and cannot be held over, or exported abroad to any considerable extent.

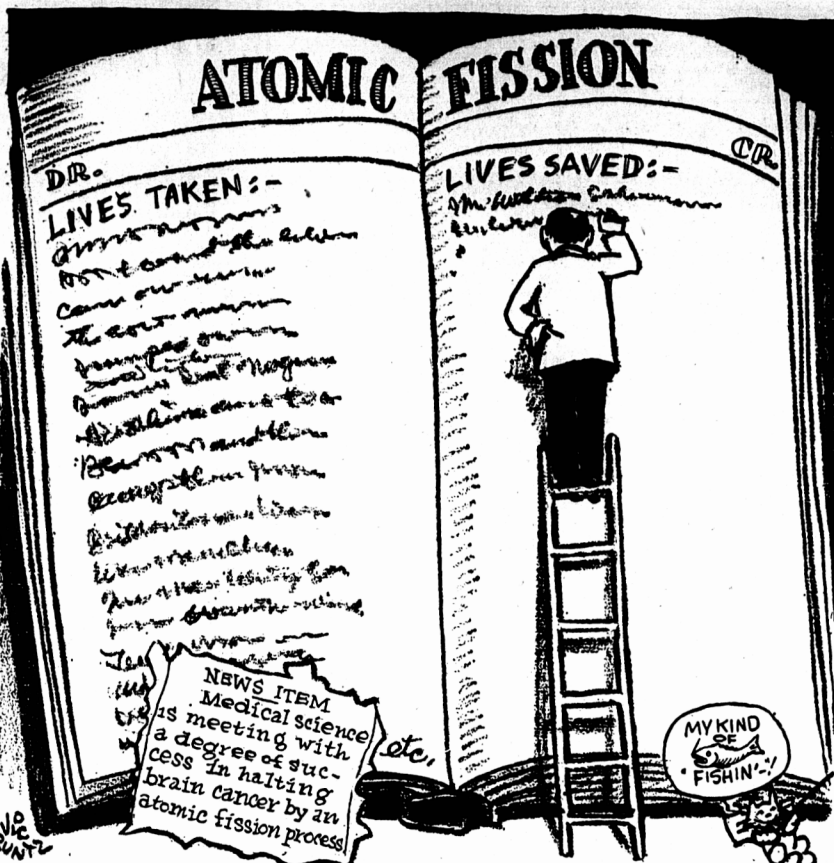
The blood donors do not make much display, but nevertheless they are accomplishing a worthwhile job, and receive the blessing of many more than Mrs. Walter MacLean, Georgetown, who wrote in our yesterday's issue so appreciatively of the work being accomplished.

In the last eighteen months the price of wool has shot to record heights. The rise has been so fast that makers of clothes, blankets, and scores of other products, couldn't even pretend to offer firm quotations. Naturally there was a new scramble for substitutes and someone remembered Cuprama, a new synthetic product originated in Germany. According to the Financial Post, this substitute for wool will be on the Canadian market soon. It is said to look, feel and wear like wool, but costs only a fraction as much.

A \$4,000,000 Island tourist business is to be encouraged, and thus Hon. J. Wilfred Arsenault takes time out to remind us that it is not only hotels, tourist cabins, etc., that are the beneficiaries, but the whole Province through the circulation of that immense amount of money, earned in the comparatively short period of three months or so. We have a Province well worth visiting, and very many of those who come for the first time, return again and again. The opening week of July should see many "first-timers" here, and it is the business of all of us to see that they have a good time to warrant their returning.

Ten years ago, on May 29, 1941, an official German communique announced that the fate of the British and French armies on the continent was sealed. Beaten and driven into the channel, it appeared that nothing short of a miracle could save them. That miracle happened. It was the miracle of Dunkirk. Slowly and in good order the British and French armies withdrew towards the beaches of the French port where the naval forces of the two countries had assembled the most fantastic collection of rescue vessels the world had ever seen. When the Germans at last entered Dunkirk on June 4 they found a ruined port from which their prey had escaped.

Some Day The Books May Balance



Old Charlottetown

(And P. E. I.) UNSIGHTLY BUILDINGS

"A stranger, upon first looking around Charlottetown, and seeing the numerous buildings that have been recently put up, and those in the course of erection, cannot fail to observe an almost total absence of architectural taste in their exterior finish. There are, indeed, a few honourable exceptions, in both public and private buildings, and it is to be hoped that these examples may be emulated by those of our citizens who may build in future. The School of the Christian Brothers, on Queen Square, Mrs. Lowden's new dwelling-house, and a few others, are particularly worthy of notice, as they evince an amount of taste in their construction altogether unusual in our city. "With admirable foresight the directors of our Colonial Building did not allow any cheap, rough structure to be raised; and their work still remains the only creditable Government building we possess, though now, indeed, through the negligence of the present Government, in a dilapidated and dirty condition. And let us hope that, when the talked of Court House is built, our citizens will firmly set their faces against any disgusting additions or wings being made to the present building; and that the mere cost of a piece of land will not be allowed to prevent the erection of a separate building for the Court House and Post Office. The Government already possesses a plan, which with a few trifling improvements, might be rendered all that could be desired both as regards convenience and appearance. It would be well if the suggestion to place it on the corner of Great George Street and Queen Square, opposite the Mounts, were carried out, as it would be a vast improvement to that part of the city." -The Islander, Aug. 27, 1949.

The Poet's Corner

THE WAVES OF BREFFNY

The grand road from the mountain goes driving to the sea. And there is traffic on it and many a horse and cart. But the little roads of Cloonagh are dearer far to me. And the little roads of Cloonagh go rambling through my heart. A great storm from the ocean goes shouting o'er the hill. And there is glory in it and terror on the wind: But the haunted air of twilight is very strange and still. And the little winds of twilight are dearer to my mind. The great waves of the Atlantic sweep storming on their way. Shining green and silver with the hidden herring shoal. But the little waves of Breffny have grenched my heart in spray. And the little waves of Breffny go stumbling through my soul. -Eva Gore-Booth.

VANCOUVER (CP)—Repairing the roof of his three-story house, 82-year-old Duncan Murray tied one end of a rope to the chimney and the other to himself. He collapsed while working but the line held him dangling until a neighbor rescued him.

Allison M. Gillis, LL.B.

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What Can Be Done About Inflation?

(Monthly Review of the Bank of Nova Scotia)

The policy of monetary restraint and the fiscal measures contained in the recent budget constitute a fundamental attack against inflation, says the current Monthly Review of the Bank of Nova Scotia in the second of two numbers on the subject of inflation.

These policies get at the cause of inflation—excessive demand. It may be that they were not applied soon enough. Possibly they are not yet being applied to a sufficient degree. But there can be no doubt that they represent the right approach to the problem of inflation, for unless demand and the supply of money and credit that support it can be restrained there is little prospect of controlling inflation.

Referring to the budget, the review observes that, though it cannot be regarded as too severe, it contains significant tax increases pretty well across the board and is accompanied by a serious policy of credit restraint. It endeavours to raise the needed funds in a manner that will not seriously affect incentives to produce, and it deliberately attempts to restrain spending in those areas of the economy where shortages have developed or are threatening.

The principal revenue-producing measures in the budget maintain the existing balance of the tax structure and in fact simply raise the three major taxes—the personal income, corporate income, and sales taxes—by roughly the same proportion. Commenting on the increase in the sales tax the Review points out that, though this tax is frequently attacked on the ground that it falls most heavily on the lower income groups, this "regressive" tendency is in reality much reduced by the fact that it exempts most foods, fuel and electricity, and of course rentals. Since it is essential to exercise some restraining effect on personal consumption, the choice lay between an increase in the sales tax and a much sharper increase in the personal income tax which might have involved a lowering of exemptions. The income tax, though in some ways the most equitable type of taxation, directly affects take-home pay and indirectly affects incentives to produce. The sales tax, on the other hand, does not affect incentives.

The budget contains several other measures which are of some importance from the standpoint of combating inflation. It makes a direct attack on spending in the sphere of consumer durable goods through increasing and widening the application of special excise taxes

on such things as automobiles and household electrical goods, and also in the sphere of capital investment through a system of deferred depreciation. This latter device is designed to restrict outlays which are attractive not so much because of their long-term potentialities as because of the expectation of high profits and high corporate taxes in the next few years.

The Review describes the policy of credit and monetary restraint, including the specific restrictions, such as those on consumer and housing credit, and the general tightening in bank lending policies. It points out that supporting the whole policy of credit restraint is the Bank of Canada's policy of exercising a restrictive influence in making cash available to the banking system. By preventing the cash reserves of the banks from increasing the central bank can prevent expansion in the total supply of credit. The pursuit of such a policy, however, almost inevitably involves an increase in interest rates.

If the very large holdings of government securities are convertible into cash at par or better at a time when the demand for credit is great, the supply of money will be enhanced from this source and it will be extremely difficult, if possible at all, to pursue an effective policy of credit restraint. Thus a genuine policy of monetary restraint involves some decline in bond prices which will check the desire of holders to sell their bonds. This is the reason why the Bank of Canada has ceased supporting the market for government bonds at par and why bond prices have recently declined. It would be small comfort to the holders of government bonds if these securities were maintained at par at the cost of adding new fuel to the fires of inflation and further deprecating the real value of these securities.

The Review also discusses the question of price control. It points out that a serious effort to impose price control means in effect abandonment of the price system as the governing mechanism in the economy and substitution of government responsibility for directing production and distribution. From the time

The Age-Old Story

Finally, brethren, whatsoever things are true, whatsoever things are honest, whatsoever things are just, whatsoever things are lovely, whatsoever things are of good report; if there be any virtue, and if there be any praise, think on these things.

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Notes By The Way

One day we made a pie—there was no butter or margarine in the stores so we had to do with olive oil and to roll the pastry we had to use a bottle filled with cold water, and work it on the chart table. Well, the pie was fine, but a few days later we had trouble with the navigation. I remember the skipper bending over the chart with a magnifying glass muttering "If that's the Wolf Rock we're OK, but if it's just another spot of pie crust, we're half way over to America." —(BBC London Letter.)

Purring drowsily in the Spring sunshine, the perfect cat watches their housekeeping. If mice invade the larder, it kills them without more ado and without carrying its catch into the dining room. If the meat ration lies exposed all the afternoon on the kitchen table, it will be as safe as if the cats were vegetarians. If a ball of wool is

that price ceilings were imposed, the Government would be faced with an increasing number of decisions involving the choice between more controls and retreat from the ceilings established. There is no doubt that the Government would have to deal right away with the problem of export controls and import prices and subsidies, and not much later with that of wage and salary controls. And in time if the policy were pursued firmly, controls over production, manpower, and distribution would also be involved.

The Review observes that while a system of over-all controls is necessary in wartime, a policy of freezing the price system would be open to grave question today. The defence program as now planned is equivalent to less than 10% of the national production in Canada and around 16% in the United States. Some 85% or more of a rising national production will still be available for civilian purposes. There should be enough goods and services to provide for a standard of living only slightly lower than that of the last few years and for a still large investment program. In this circumstances it seems hardly credible that it should be necessary to dispense with the clear advantages of the price system and accept the obvious disadvantages of a controlled economy.

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