



Clear with a few cloudy intervals; warm; light winds. Low-high 42 and 68.

"Covers Prince Edward Island Like The Dew"

Finance Minister Gordon Reveals Bold Planning

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By ALAN DONNELLY
OTTAWA (CP) Finance Minister Gordon laid out \$200,000,000 in added taxes in a "face-the-facts" budget Thursday night designed to spur economic growth and show foreign-owned companies into "partnership" with Canadian investors.

Planning for a reduced budget deficit of \$88,000,000 in the 1963-64 fiscal year began April 1, the new Liberal finance minister made no changes in personal or corporation income tax rates.

But he took a bold line in his first budget speech with these major steps:

1. Tax incentives and penalties to encourage a minimum 25 per cent Canadian investment in foreign-owned companies during the next 35 years.
2. Incentives to industrial expansion, including a three-year tax holiday for new manufacturing firms in depressed areas.
3. A stiff 30-per cent "take-over" tax on certain large sales to foreigners of stock or assets in Canadian firms with shares traded on Canadian stock exchange.

Measures will be considered against foreign take-overs of other Canadian companies as well.

4. A new bonus payment to encourage hiring this winter of "hard-core" unemployed persons.
5. A cut in the National Housing Act mortgage rate to 6 1/2 per cent from 6 3/4, plus measures to reduce down payments on FHA homes.
6. Extension of the 11-per cent sales tax to all building materials and to machinery used in manufacturing or production other than in farming and fishing.

HIGH RETURNS FORECAST
The five-year average return estimated the added sales tax effective immediately will be \$185,000,000 in this fiscal year and \$385,000,000 in a full year. The industrial income tax bill has an estimated \$100,000,000 deficit and \$100,000,000 in a full year.

He also decreed a speed-up in the new government income tax that will mean nothing to the taxpayer.

GOVERNMENT BONUS OF HALF MONTH'S WAGES OR \$75, whichever less, for up to one year to private employees who are laid off or dismissed between Jan. 31 and training workers done or done by the end of the month for six of the nine previous months and are not receiving unemployment insurance.

Three-year income tax holiday for new manufacturing uses in manufacturing or production slow growth areas not yet designated.

Manufacturers' 11-per cent sales tax on machinery used in manufacturing or production other than farming or fishing.

Proposed NHA amendments to raise maximum mortgage to \$15,000 from \$14,000.

Revenue department crackdown on excessive "expense account" living.

Sales tax on machinery used in manufacturing or production other than farming or fishing.

Sales tax on remanufactured machinery or equipment on new buildings in slow-growth areas yet to be designated.

Export duty on electric power abolished.

Proposals for two-year write-off for tax purposes on new machinery and equipment and five-year write-off on new buildings in slow-growth areas yet to be designated.

Effective immediately two-year instead of five-year write-off on new machinery and equipment bought by firms anywhere in Canada with at least 25-per cent Canadian ownership.

Quebec Remains Not Met

OTTAWA (CP)—Finance Minister Gordon indicated in his Thursday night budget that the federal government will not meet all of Quebec Premier Lesage's tax demands.

He said present federal-provincial tax arrangements can be improved upon but that no federal administration "can ignore the problems of federal finance in seeking to lighten the burden upon provincial treasuries."

Mr. Lesage has served an ultimatum on Ottawa to meet Quebec's tax demands or the province will take "the inevitable decisions in the fiscal domain."

Mr. Lesage seeks 25 per cent of personal income tax instead of the present 17 per cent; 25 per cent of corporation taxes instead of the present 10 per cent; 22 per cent and 100 per cent of succession duties instead of the present 10 per cent. **NO LESS PRESSURE!**

Mr. Gordon said the federal government is no less pressed for sources of revenue than the province.

The federal Liberal government assumed no rigid position on the sharing of joint tax fields and it was clear from the record of the past that "readjustments of revenues and responsibilities are inescapable."

The federal government had a special responsibility in ensuring that the province had employment throughout Canada. Fiscal policy was an important means of achieving this objective.

If Ottawa were to give up a major part of its present sources of revenue, even in exchange for compensating adjustments, that they would start a political tidal wave that might overwhelm Macmillan even before the crucial test of a parliamentary debate on the issues Monday.

CABINET IN CRISIS
Fervent activity, reminiscent of the crises of the war years, followed the second emergency meeting of the cabinet in successive days. The session ended with neither Powell nor Boyle serving notice that they have positively decided to quit.

This routed Conservative hopes that Macmillan may yet ride the storm, at least until Monday.

Macmillan himself coolly advised a "quiet weekend" at his official country residence.

NEW SOUTH RUSTICO SCHOOL OPENED

Dr. J.H. Blanchard, Charlottetown, was guest speaker yesterday afternoon at the official opening of South Rustico's new eight-room St. Augustine School. Hon. George Dewar, minister of education, cut a white ribbon to declare the school officially open.

The school serves grades one to eight pupils from several surrounding districts and is one of the first consolidated elementary schools in the province.

Two Key British Ministers Still Pondering Walkout

LONDON (CP)—Two key cabinet ministers are pondering a walkout over the John Profumo scandal that could start a landslide sweeping Prime Minister Harold Macmillan from office.

Macmillan and all British cabinet ministers were expected to arrive in Ottawa Thursday night while British Minister Enoch Powell and Education Minister Sir Edward Boyle debated their decision.

They were not alone in worrying about the moral aspects of the situation. A Conservative member of Parliament, Sir Cyril Osborne, declared:

"The whole beastly incident has dragged Troy honor in the gutter."

Mr. Profumo was charged with homosexual sex perversion. In addition to young Luckenbach, those who disappeared earlier in the day in the St. Lawrence River about 15 miles west of Quebec city were Sir Michael Morel, 9, missing around May 5; and Pierre Marone, 13, last seen May 28. All lived in Quebec city.

Another boy, unidentified, was found in a meadow Wednesday night and was identified as that of 12-year-old Guy Luckenbach of Kenosha, Que., one of the missing boys.

The body found Thursday was dressed in winter clothes and police said it could be one of the four young persons who disappeared when Tommy cod fishing cabins built on the ice broke up.

Meanwhile, teams of Quebec Provincial Police have been concentrating their search in nearby areas.

One man, taken into custody by police last week, had been on parole from penitentiary where he had been serving a life term for rape.

VICTIMS OF PERVERY
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