



TYRO CURLING CHAMPIONS RECEIVE BLAZERS

The Wally Vautour rink from Summerside RCAF Provincial Tyro curling champions, are seen receiving their blazers from Amos Hubley, manager of Perfection Dairy in Summerside. Left to right are: Al Brabot, Vernon Lewis, Frank McNeill, Wally Vautour and Mr. Hubley.

Tax Cut Speculation Continues At Ottawa

By STEWART MacLEOD
OTTAWA (CP) — Predictions of a bigger financial deficit in the next fiscal year have done nothing to dampen speculation Finance Minister Gordon will do some tax-pruning in his forthcoming budget.

The predictions of the authoritative Canadian Tax Foundation — that expenditures will grow faster than revenues next year without any tax changes — came amid widespread speculation that taxes will be trimmed in a "sunshine budget" expected in late March or early April.

The \$455,000,000 deficit predicted for the year ending March 31 has been shrinking steadily to an estimated \$150,000,000.

But the foundation says there will be an upturn in the deficit again next year under the existing tax structure, and predicted it would be between \$250,000,000 and \$400,000,000.

If tax cuts or increased expenditures are to be introduced, it adds, "even larger deficits may be in store."

ARGUMENTS FOR TAX CUT
Mr. Gordon, aided by a big staff of advisers, has likely arrived as his own economic outlook long before now. Despite his traditional view in favor of balanced budgets, provided all things are equal, informed observers here say there appear to be some weighty arguments in favor of lower taxes at this time.

One of the heaviest arguments came in the first report of the Economic Council of Canada, which said if the rapid growth in the country's labor force is to be absorbed by 1970 there must be an annual actual increase of 5.5 per cent in the gross national product, value of all goods and services produced. In terms of current dollars this increase will have to be about 7 1/2 per cent.

The outlook for this calendar year is an increase of six per cent in terms of current dollars.

The tax foundation said several weeks ago that without "some stimulation" in the

and, economically speaking, it could be considered a good time for the government to call a vote. Tax cuts would make it that much better.

And after so much speculation on possible tax cuts, anything less from Mr. Gordon could disappoint many people.

MONTREAL (CP)—D. Bruce Shaw, president of the Investment Dealers Association of Canada, said Thursday recent corporate tax reductions in the United States "make it almost mandatory" that similar decreases be enacted in Canada.

He told a press conference there is an "imperative and undeniable need" for tax relief in Canada to provide incentives to industry and individuals.

The U.S. experience had demonstrated tax reductions can be followed by increasing government revenues.

Mr. Shaw said to achieve the goals set by the Economic Council of Canada it would be necessary to stimulate national savings by about 10 per cent by 1970.

Savings in 1963 came to about \$9,000,000. By 1970, this figure would need to be increased to about \$17,000,000, he said.

He said the proposed Canada Pension Plan may create an attitude among Canadians of "spend now, we are being protected from the cradle to the grave." The investment must discourage this attitude, he said.

He predicted 1965 would be another "excellent year" of higher savings, higher spending, higher production, improved productivity and a higher standard of living.

sonal income taxes are necessary, along with increased public spending, to provide the necessary expansionary measures.

The need for expansionary measures has been the most recurring theme heard by Mr. Gordon over the last few months. And he mentioned it himself in a January speech at Toronto.

"... We must do everything we possibly can to ensure a rapid and sustained rate of growth of the Canadian economy this year and in the years that follow.

ENLARGEMENT NEEDED
"This will call for expansionary policies — the continuation and enlargement of some present policies and the introduction of some new ones."

Other cabinet ministers have also hinted at the need for long-range economic stimulants.

But when Revenue Minister Benson spoke in Edmonton Jan. 22 he indicated tax cuts couldn't be accepted as a foregone conclusion.

Although all of us would like to see tax reductions," he said, "we must remember that the increased payments to the provinces are going to have to be provided for out of 1964's tax revenues."

Apart from all the economic considerations, the political aspects cannot be overlooked.

No one has ruled out the possibility of an election this year

AUTHORITIES CLAMP ON BUSINESS BY CONVICT

PETROS, Tenn. (AP)—They smiled when convict Willie Lavoy Tate sat down to his leather-working bench in Brushy Mountain State Prison.

They nodded agreement when he sold a hand-tooled wallet here and a hand-made purse there on visitors' day.

But they didn't laugh when he became a \$500-a-week mail order entrepreneur, with 50 other prisoners working for him. They transferred him, instead, to the state penitentiary in Nashville, where leather-working is for therapy, not profit.

Tate, 38, was going into saddle-making when Warden Lake Russell ordered his recent transfer. The former Nashville man is serving a 21-year sentence for the booby-trap bombing of his estranged wife, who was blinded and mutilated in 1960 when she opened a gift-wrapped package which exploded in her hands.

His leather-working business, began as therapy to pass the time, boomed to the point where prison and post office officials had time to handle little mail to the prison besides Tate's packages and orders.

Prison rules permit prisoners to purchase materials and sell hand-tooled goods to visitors. Russell said Tate bought \$2,500 worth of leather and equipment from his profits, withdrew \$500 from his prison savings account to send home—and still had \$400 left over in the account.

It's good therapy, Russell said for prisoners "to make and sell one or two items a month to visitors." But, he said, the therapeutic value is lost when the operation takes on the proportions of Tate's venture.

REDUCTIONS URGED

The Canadian Chamber of Commerce, in its presentation to Mr. Gordon last December, said there should be reductions in both personal and corporation income taxes.

However, the chamber added a note of caution. It said this stimulant should be released only "with due attention to the degree of strength being registered in business capital programs and in other sectors of the economy." An "unduly rapid rate of capital expansion" could result in certain sectors of the economy.

This week the Canadian Labor Congress said cuts in per-

EFTA Reports Trade Deficit

GENEVA (AP)—The seven-nation European Free Trade Association ran up a trade deficit of \$6,314,000,000 in 1964, a preliminary EFTA trade report revealed Monday.

Much of this resulted from a slowing down of British exports to the United States and to the rival six-nation European Common Market, and to increased British purchases abroad, the report said.

Total EFTA imports in 1964 were \$31,595,000,000 compared to exports totaling \$25,281,000,000. EFTA imports from the Common Market were \$2,643,000,000 higher than its exports to that area, and purchases in the United States exceeded sales by \$1,186,000,000.

Britain and her EFTA partners—Austria, Denmark, Norway, Portugal, Sweden and Switzerland—imported \$3,133,000,000 worth of goods from the United States, 23 per cent more than in 1963. EFTA exports to the United States increased by only eight per cent to \$1,947,000,000. The report said that Britain alone accounted for 60 per cent of EFTA's trade deficit with the United States.

FLY TO AUSTRALIA

LONDON (AP)—The Duke and Duchess of Gloucester flew to Australia via California Monday for a five-week visit which was delayed by a recent motor accident. The Duchess, injured in a crash as she was returning from Sir Winston Churchill's funeral, limped as she boarded a San Francisco-bound Qantas airliner and her left arm was in a plaster cast.



PARTY MAKE-UP DESIGNED FOR LAUGHS

Model Audrey Sedoc shows off the party make-up designed for laughs by William Loew, make-up director for Charles of the Ritz in New York. Lines on the left eyelid swirl into eyeball. The other eyelid is plaid. The eyes on the knees, one marked "go," the other marked "stop," stare back at Leg-witchers. Fingernails feature polka dots.

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