

THIS WEEK AND NEXT

by Ray Argyle



How To Raise Prices

No one really expected major tax cuts in Finance Minister Mitchell Sharp's budget last week. But this didn't deter the Conservative party from urging lower taxes at a time when every economist in the country was warning against inflation.

George Hees, the former trade minister who should know better, let the cat out of the bag even before Mr. Sharp rose to give his budget address in the House of Commons.

Mr. Hees had already put himself on record as urging tax reductions to "stimulate" the economy. He also recommended easier money conditions as the best way to combat inflation.

Mr. Diefenbaker picked up the line in a major address in Saskatoon. Dealing with the increase in food prices and farm machinery, he told his Western audience that while prices were going up, farmers were not getting any more for their production. He said the country needed an investigation of inflation, and that the place to start was by lowering taxes.

The spectacle of these two leading Conservative spokesmen urging steps which they should know would actually worsen our present creeping inflation sent economists and businessmen reeling in dismay.

By trying to line up the Tory party as the party of lower taxes, Conservative strategists no doubt banked on gaining further favor with the voters. It's always popular to advocate lower taxes.

It can be understood that a good many Canadians would swallow the Tory hook. Without thinking too deeply, they would reason that with prices going up, a tax reduction would help them in their struggle to keep up with the increasing cost of living.

The tragedy of such an action, however, would be that it would worsen the plight of low income workers and pensioners by putting further pressure on prices.

In case Mr. Hees and Mr. Diefenbaker need a lesson in economics, it is elementary that prices go up only when the public has sufficient purchasing

power to accept the higher price tags.

The present state of record prosperity in this country is the cause, not the cure, of inflation. To add to spending power at this stage without increasing production, would encourage even more price hikes than we have seen in the past few months.

The economic-extremism advocated by the Tories could leave only one of two conclusions. Either this party is still a prisoner of the kind of economic ignorance which led to the fiscal crisis of the last Diefenbaker regime, or its spokesmen are willing to advocate policies which they know would be damaging if carried out.

With the Canadian economy tied as closely as it is to the U.S., it is worth looking at what Washington is doing to keep the boom under control.

This is an election year in the United States, when all of the House of Representatives and a majority of the governorships will be up for grabs. But this didn't deter President Johnson this month from increasing taxes. The higher taxes will produce another billion dollars by July 1, and five billion dollars next year.

If the present trend of creeping inflation were to be allowed to accelerate, Ottawa would have to do far more than just hold the line on taxes. As well as boosting taxes, it would have to raise interest rates, impose credit controls, and discourage tax incentives to new industry.

All this would be necessary to prevent the kind of financial debacle which would result from galloping inflation.

Canadian businessmen and economists are not yet ready to admit that true inflation is here. But the threat is strong. Fear that the government might overreact and cut back too soon should be put at rest by the new budget.

But discount Conservative demands for tax reductions and easier money. They are irrelevant to the present situation, just as much of what goes on in Parliament these days is irrelevant to the problems facing Canada.



SUCCESSFUL BAKE SALE HELD SATURDAY

The Ladies Auxiliary to Guides and Brownies held a successful Bake sale on Saturday. Bread, buns, pies, cakes, cookies--an Easter bunny with long ears and cakes decorated as bonnets and Easter baskets all combined to present a sumptuous spread when sales began.

Mesdames Alice Farrow, Marg. Simmer and Hilda Hiebert were kept busy supplying the eager buyers and before long the table was bare.

It was estimated that last year's receipts of \$185 would be bettered this year.

The Easter weekend saw many visitors in Terrace Bay.

Mr. and Mrs. Payetta from Port Arthur are visiting at the home of their daughter, Mrs. Falzetta and her family.

Mrs. E. Salesses's sister and brother-in-law, Mr. and Mrs. Fern Vesner and their children are here from Kapuskasing.

Mr. and Mrs. Gordon Brinkman from Kenora are visiting Ainslie's parents, Mr. and Mrs. R.F. Midgaugh.

Mrs. John Verscheure from Winnipeg is visiting her sister, Mrs. C.R. Cotton.

Marguerite Mousseau is home from St. Adolph's Collegiate, Winnipeg.

From Hillcrest High School, Port Arthur, Darlene Larsen, Carol McLeod, Sharon Timpano, are all home for the Easter vacation.

Janice Gross is home from the Lakehead Teacher's college.

Second year nursing student Janice Coe is home on her annual vacation from Wellesley Hospital in Toronto.

Ellen Knight was accompanied home from Alma College in St. Thomas by Shirley Savitsky who spent a night here on her way to the Lakehead.

Margot Anderson is home from Balmoral Hall in Winnipeg.

Bonnie Hamilton and Irene Uzicanin are home from Fort William Collegiate.

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GEROW'S LEAVE - Continued from page 7

Stephie Dorman and Louise Gavin. Fran was presented with a corsage of pink roses and a purse with money. A good time was enjoyed by everyone present

Mr. and Mrs. Norman Vezina of Toronto are visiting at the home of Mr. and Mrs. W. Vezina.