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Fleming reports fourth year in red in white paper tabled in Parliament

Commons white paper shows debt fourth highest in peace

By ALAN DONNELLY
Canadian Press Staff Writer

OTTAWA (CP)—A federal budget dificit of $345,500,000 in the last fiscal year—the fourth red-ink year in a row—was reported today by Finance Minister Fleming. The deficit for the year ended March 31 contrasted with the $12,000,000 surplus forecast by the minister in his original budget March 31, 1960.

With the recession, revenues slumped and expenditures jumped from his original predictions and last December 20, in his baby budget, Mr. Fleming changed his forecast to a $286,000,000 deficit.

The story was told in a white paper tabled in the Commons by the minister as the stage-setter for his budget speech next Tuesday night.

The white paper accounts — still preliminary since 1960-61 books aren't yet closed—showed the fourth - highest peacetime deficit on record. The four-year string of deficits since April 1, 1957, totals $1,406,500,000 including the peacetime peak of $609,300,000 in 1958-59.

Budgetary revenues climbed six per cent in the year to $5,615,600,000 from $5,289,800,000 the previous year. Expenditures rose five per cent to $5,961,100,000 from $5,702,900,000.

Both were all-time highs.

The economic growth Mr. Fleming predicted 15 months ago didn't materialize. Gross national product registered a below - normal gain of 3.2 per cent to $35,050,000,000 in the 1960 calendar year from $34,857,000,000 in 1959. The minister's March 31 budget last year was based on a six-per-cent growth.

Hoped - for tax collections didn't shape up and the government boosted spending in some areas to meet the business slump.

As a result, budget revenues fell $276,400,000 short of his original forecast, $78,400,000 below his baby budget prediction. Expenditures exceeded the figure in his first budget by $81,100,000 though they were $18,900,000 less than the December 20 budget expectation.

The white paper blamed the calendar for playing one trick with the accounts. It said that with the March 31 year - end falling on Good Friday, much of the last - minute rush of income tax returns weren't filed until after the holiday weekend.

It reckoned March revenues were about $40,000,000 below normal and said the year's deficit was that much higher as a result.

Growth fails to materialize

The report also showed that the Old Age Pension Fund, which finances the $55 monthly pensions to all 70 and over, turned up the first surplus in its 10-year history.

The fund, which operates outside normal budgetary accounts, paid out $592,400,000 in pensions but took in $603,100,000 from the three special taxes earmarked for the fund. The resulting $10,700,000 surplus was eased to whittle down a $28,000,000 deficit carried forward from the previous year. What's left is covered by a temporary loan from Mr. Fleming's treasury.

Counting pension fund operations, the government's total spending in the 1960-61 year was $6,553,500,000 and its revenues $6,218,700,000.

The government's accounts didn't feel the full effect of the economic lag.

Personal and corporation income tax revenues showed strong gains even though corporation profits fell six per cent to $3,200,000,000 in 1060. This was due in part to higher rates in the 1959 bulget that weren't effective for the whole of the previous fiscal year, and in part to the fact that substantial amounts were collected on accounts of 1959 corporation profits.

The white paper's review of the economy in 1960 showed a mixed picture.

The 3.2-per-cent gain in gross national product compared with a six-per-cent expension in 1959. The general price level rose 1½ per cent—a more moderate climb than in recent years—and two-thirds of the rise in national product was an actual gain in physical output.

The main economic pinch was on the job front.

Unemployment figures up

Unemployment for the year averaged 448,000 — seven per cent of the labor force — compared to 1959 average unemployment of 373,000 a six-per-cent rate. A one-per-cent rise in the number of people at work didn't keep pace with a 2.8-per-cent jump in the labor force.

One economic mainstay was consumer spending, which rose to $23,400,000,000 from $22,482,000,000. The 4.1-per-cent increase compared with a gain in personal incomes of 4.3 per cent to $27,442,000,000 from $26,310,000,000. But taxes took a larger bite and the rate of personal savings slowed down.

The report's outline of government accounts showed the treasury's accounts balances declined by only $71,200,000 despite the big deficit of $345,500,000.

The government financed part of it through a $222,800,000 increase in unmatured debt — bonds and other securities — held by the public, and got another $51,500,000 from a series of non - budgetary transactions.

One of the year's non-budget cash demands on Mr. Fleming's treasury was a $67,000,000 loan to help bolster the dwindling Unemployment Insurance Fund. Despite the loan the balance in the fund sank to $267,000,000 from $377,000,000 during the year.

Insurance fund expenditures totalled $518,000,000 including $510,000,000 in benefit payments and $7,000,000 in losses on sales of investments. The fund got $276,00,000 in contributions from employers and employees, $55,000,000 in government contributions, $10,000,000 from investment income and the $67,000,000 in federal loans.

Net debt up $353,000,000

The government's gross debt rose to $21,601,200,000 from $20,086,400,000. This is partly offset by various assets, and the net debt rose by $353,000,000 to $12,442,200,000.

This increase is equivalent to the budget deficit plus a bookkeeping adjustment relating to transactions in prior years.

The treasury's two biggest money - earners bolstered the budget revenues.

Personal income taxes rose by $144,000,000 to $1,711,200,000 and corporation income taxes advanced $133,700,000 to $1,276,600,000. The first provided 30.5 per cent of budget revenues, the second 22.7 per cent.

Sales tax returns dropped by $12,100,000 to $720,600,000. The report said this is believed due to year - end tax remittances being delayed because March 31 fell on the Easter holiday weekend.

The income and sales tax figures do not include the special three - per - cent levies earmarked for the Old Age Pension Fund.

Fishermen take vote tonight on firms' offer

With the deadline for the start of salmon net fishing less than 48 hours away, the settlement of the dispute between the Fisheries Association of British Columbia and the United Fishermen and Allied Workers' Union, hung on the result of votes being taken up and down the British Columbia coast.

At 7:30 tonight Prince Rupert members of the UFAWU and the Native Brotherhood of British Columbia will meet in the Islander Hall to vote on the association's final offer.

In a broadcast over a Vancouver radio station last night, O. J. McDonald, chairman of the Fisheries Association fish price committee reiterated his previous statements that if the UFAWU votes to reject the latest offer by the association, the fishing companies, "having no fish to process", will not open their plants.

PRESSURE MOVE

In Prince Rupert yesterday afternoon, Homer Stevens, general secretary of the UFAWU said that the association's stand in demanding an agreement before fishing starts was "just a pressure move directed against northern fishermen.

"We see no obstacle to fishing on Sunday," Mr. Stevens said.

"If the canners shut down their plants it will be solely their responsibility."

R. L. Gardiner, UFAWU northern representative, said this morning that as far as he knew the gillnetters and seiners would start fishing in the Skeena and Naas River areas Sunday evening.

It is believed that a few small independent fishing companies will accept fish at last year's prices. However, the packs will be small ones compared to those usually handled by the larger firms.

Directing his broadcast directly to the fishermen, Mr. McDonald repeated the association's offer to pay last year's slate of minimum prices, increase the companies' contribution to the welfare fund from 3 to 5 cents, an increase of 66 2/3 per cent in the rate over the last agreement which could result in $70,000 being contributed by the companies to the welfare fund this year.

Mr. McDonald said that the United Kingdom had a "good supply of canned salmon on hand and will therefore insist we meet foreign competition if we are to sell to them again this year." He said Canadian salmon sales had shown a downward trend due to lower priced Japanese competition. At the same time domestic consumption of salmon had dropped despite an increase in the population, Mr. McDonald said.

He urged fishermen to accept last year's prices to keep costs down and help the fishing industry introduce lower selling prices for canned salmon.

Mr. Stevens ridiculed the Fisheries Association claim on costs, asserting that "the price of fish received by fishermen is not responsible for the prices charged by the canners for the final product."

He said that despite the fact that the fishermen had been tied down to what he termed was practically a "no-increase contract" from 1958, "the Fisheries association jumped the export price of canned sockeye by $16.36; coho by $15.80, pinks by $5.42 per case and chums by $6.01 per case in three years."

"LOTS OF GALL"

He said the canners "have a lot of gall" to complain of sales in Canada ranging from $700,000 to 900,000 cases.

"The facts are they imported 352,000 cases from Japan in the past five years to fill their shortages. Last year they imported 23,600 cases from the United States. Surely they cannot complain of market problems when they have to bring salmon to Canada to fill their orders."

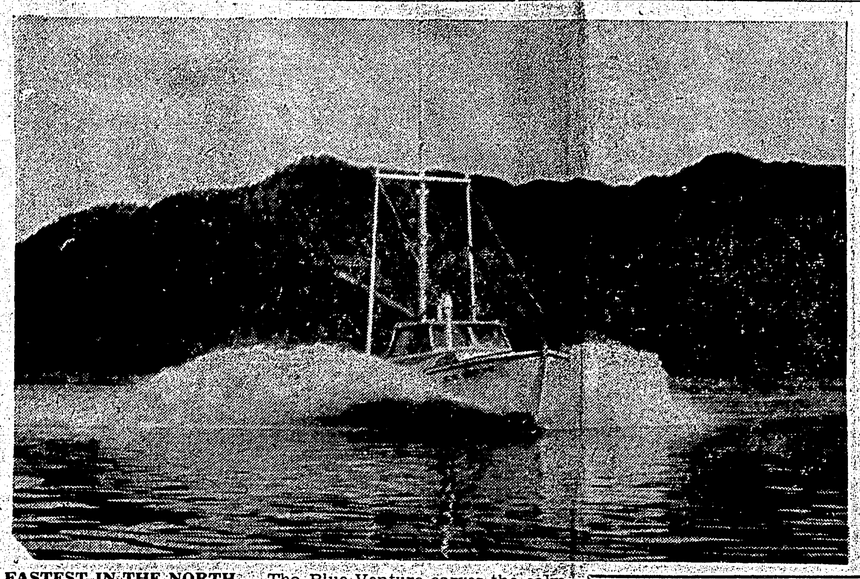
U.S. PRICES HIGHER

He said that American prices for canned salmon were higher than Canadian prices and the Japanese had raised their prices.

"Japanese pink salmon in Belgium in February was quoted at $25.80 for a full case whereas Canada exported pinks for $23.57 in 1960."

He scorned the association's welfare offer saying that it could mean no increase if the B.C. pack were 1,000,000 cases.

"We have no guarantee of any $70,000 payment and it is misleading for the canners to quote such figures."



FASTEST IN THE NORTH — The Blue Venture carves the calm water in front of the Port Edward floats as Donald Tasaka opens her up. With a top speed of 20 knots, she cruises at 16 knots and has a six-day operational range. Of roundbottom design the Blue Venture is the second fastest gillnetter in British Columbia and the top speeder of the north.
— Staff photo by John Pain

Speediest gillnetter in north shows paces

The fastest gillnetter in northern British Columbia water was launched last week at Port Edward from the Jack Tasaka and Sons Ltd., yard.

The Blue Venture is a 33-foot roundbottomed gillnetter. It is the roundbottom which makes her different from her sisters.

Mr. Tasaka said there had always been a controversy in boat building circles that a round bottom meant a slow ship. The Blue Venture disproved this.

Powered by a 285 horsepower she has a top speed of 20 knots Chrysler V-8 M413 gas engine and a cruising speed of 16 knots. She has a nine-foot beam and a four-foot draught with an oval and radiophone. Timber used stern. She carries echo sounder in her sturdy construction throughout is red and yellow cedar with mahogany finish.

Carrying standard gillnet equipment the Blue Venture has a six-day cruising range as opposed to the average four-day of standard construction vessels.

The only other boat to compete with her is the Sand Tide of New Westminster, which is also a roundbottom design, and capable of 22 knots.

Owned by Donald Tasaka of Port Edward, the Blue Venture cost $12,000. One of the most notable features is the roomy quarters for'ard for the crew with room to move around, bunks, galley, head, tables and other comforts. Aft of the cabin the hold — seven feet by nine-foot six by three foot eight — net drum and drive with ancillary gear, stern engine and steering controls and stabilisers.

Excellently finished throughout, the efficiency of the new vessel as opposed to the other designs moored at the Port Edwards floats, was readily apparent.

Jack Tasaka has now built 92 gillnetters since he started in Steveston, B.C. in 1925. He joined Nelson Bros. Ltd., at Port Edward in 1940 and has built a total of 57 boats for that company.

At the same time as the Blue Venture took the water a second gillnetter was also launched called Lady Deanna. This will be operated by Mr. Tasaka. It is fitted with the usual gillnetter aids to fishing plus radar and direction-finding gear. She is a 34-footer costing $16,000.

This brings the Tasaka fishing fleet to three, with the oldest son, Bruce, 24, operating the Silver Clipper.

NHA interest rate to stay

OTTAWA (CP) — Works Minister Walker says no one would be more delighted than he to be able to reduce the interest rate on National Housing Act mortgages.

But he told the Commons Thursday during debate of his department's 1961-62 spending estimates that there is little hope of such action in the immediate future.

Mr. Walker was replying to Liberal housing critic J. R. Garland who said the current rate of 6¾ per cent on NHA mortgages is placing a "tremendous burden" on home owners.

Mr. Garland, member for Nipissing, said he saw some hope for decline in the NHA rate in the government's "change of heart" on economic policy—an obvious reference to Finance Minister Fleming's hint Wednesday of expansionist lines in Tuseday night's budget.

Mr. Walker said the NHA rate is based on the yield on long-term government bonds. Under the National Housing Ait — "as framed by a Liberal government" — the yield could not be more than 2½ per cent above long-term government bonds.

Purse thief for sentencing Monday

Howard Louis Paquette of Prince George was remanded until Monday for sentencing when he was convicted of a charge of robbery with violence Thursday in police court before Magistrate E. T. Applewhaite.

RCMP said that the charge was laid following an incident about 12:45 a.m., June 7 in the 600 block Third Avenue West when Paquette stole a purse belonging to Emma, Ferguson of Prince Rupert. Police stated that Paquette twisted the woman's wrist when taking the purse which contained $25.

Crown prosecutor was J. K. Shaw.

City man injured on motorcycle

A city man was taken to hospital suffering abrasions about 11:45 a.m. Wednesday after the motorcycle he was riding was in collision with a truck driven by Gerald Henrickson of 2187 Seventh Avenue East near the Canadian National Railways station.

Clyde Robinson of 1155 Seventh Avenue East was released Thursday after receiving treatment for his injuries.

Police said damage to the vehicles was slight.

Coyne controversy lull precedes next move

OTTAWA (CP)—An expectant Parliament Hill today watched for the next move in the Coyne controversy.

Most speculation centred on when the government might ask Parliament to carry out its announced intention of ending James E. Coyne's tenure as governor of the Bank of Canada.

Looking beyond that, political and business circles wonder aloud who might be called on to take over the $50,000-a-year post.

Mr. Coyne kept the feud with the government aflame Thursday, taking issue with Finance Minister Fleming's declaration in Parliament Wednesday that the 50year-old governor's "restrictionist" economic policies ran counter to the government's "expansionist" aims.

ACTION LACKING

The trouble was not in monetary policy, the domain of the central bank, Mr. Coyne asserted in a sharply-worded statement.

Instead, "what has been lacking so far is adequate action" by the government "in the field of fiscal policy to make a real contribution to economic recovery and growth of the Canadian economy under Canadian ownership and control."

The whole country would be glad to hear that the government had been "suddenly converted" to expansion aimed at increasing trade, production and jobs, the governor said.

Mr. Fleming's only entry into the dispute Thursday came in the Commons when he told Liberal Leader Lester B. Pearson that he saw no reason for introducing dismissal legislation in Parliament before his budget speech next Tuesday night.

That statement left up in the air just when the government might act to carry out its wishes, disclosed Tuesday by Mr. Coyne himself when he said Mr. Fleming had asked him May 30 to resign and he had refused. Subsequently, the bank's directors also asked for his resignation, Mr. Coyne reported the same day.

There is some expectation that the government might bring in its legislation shortly in view of the effort to end the present parliamentary session in the next two weeks, whether by prorogation or by adjournment over the summer holiday.

Scouts banquet tonight

The Scouters Banquet will be held tonight at the Canadian Legion at 7 p.m. Recognition will be paid to two Queen's Scouts who have recently been awarded their badge in Victoria; and also to those who have been active in the movement locally. Speakers for the evening will be M. E. Martin, past president of the association, Mayor P. J. Lester, W. A. Gordon, president of the Kinsmen Club and W. E. Bisset, Assistant District Commissioner of Scouts.

Halibut was landed in Prince Rupert by two vessels.

Selling on the exchange were: Annie Tuck with 11,000 pounds, including 8,500 pounds of medium at 20.6 cents a pound, 1,500 pounds of large at 22 cents a pound, and 1,000 pounds of chix at 14 cents a pound, sold to Atlin Fisheries; and Aleutian Queen, 75,500: 37,000 med. (21.1), 38,000 large (22.5), 500 chix (14), to B.C. Packers.

Stove on fire!

Firemen were called to 2040 Atlin Avenue, the home of John Fedyk, about 1:30 p.m. Wednesday where an overheated stove caused a minor fire.

The blaze was out on arrival and there was no damage.

Night explosion shatters home

KITKATLA—A violent explosion early in the morning caused heavy damage in the home of Jonathan Hill Thursday. None of the 10 occupants were injured and no fire resulted.

Windows in two rooms were blown out, a wall was forced four inches out of line, a door blown off its hinges, dishes and furniture were smashed.

The cause of the explosion is not certain. A gasoline lamp was left hanging from the ceiling on a groundfloor room. It was found still on its hook with its bottom blown out. It is thought, said Chief Wilfred Jackson, that this may have been the cause of the incident.

Ship strike ties up port

NEW YORK (AP) — A maritime strike spread from port to port today and threatened to paralyze most of the 990-ship merchant marine in the United States unless settlement is quickly reached.

More than 80,000 officers and unlicensed crew members sailing out of east, west and Gulf coast ports were affected.

Labor Secretary Arthur Goldberg, who was sent here Thursday by President Kennedy, planned new efforts today to settle the contract dispute between shipping companies and the seven striking unions.

The 70,000 union members on strike include deck officers, engineer officers, radio officers, unlicensed deck and engine room crew members and steward department workers.

Members of the striking unions man the bulk of the passenger ships, tankers, dry cargo ships and other seagoing craft flying the American flag.

Their no - contract no - work strike began Thursday midnight when contracts expired.

Picket lines were set up at piers in the vast port of New York and in some other ports.

Pioneer woman dies in south

One of the early Prince Rupert pioneer women has died in Vancouver. She is Mrs. Charlotte Smith, 86, of 317 Seventh Avenue West, who had lived here for the past 51 years.

Mrs. Smith came to Canada from Nottingham, England, where she was born in 1875, and moved to Prince Rupert in 1910. She was a charter member of the Ladies Auxiliary of the Canadian Legion, a past mistress of the Ladies Orange Benevolent Association and an active worker for the Salvation Army Home.

Predeceased by her husband, Mrs. Smith leaves two boys, Henry at Port Alberni, and Thomas at Merritt; three daughters, Mrs. Carl (Rose) Zarelli of Chilliwack, Mrs. Lewis (Anne) Wide and Mrs. Archibald (Ruth) McNeil, both of Prince Rupert; and six great grandchildren and six grandchildren.

Funeral service will be held from Ferguson Funeral Home at 2:30 p.m. Tuesday and conducted by Capt. Earl McInnes of the Salvation Army. A graveside service in the Orange plot at Fairview will be conducted by the association.

Prince Rupert has now gone 881 days without a fatal traffic accident.

WEATHER

A few clouds Saturday, continuing warm. Winds light northwest. Low tonight and high tomorrow, 43 and 65.

TIDES

Saturday, June 17, 1961
(Pacific Standard Time)

High	03:31	10.4 feet
	16:30	18.0 feet
Low	10:07	4.1 feet
	22:17	8.5 feet

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