Highlights from the Budget

No change in personal or corporation income tax rates.

Excise tax of 7½ per cent on passenger cars repealed, effective immediately.

Peacetime record budget deficit of $650,000,000 forecast on estimated expenditures of $6,415,000 and revenues of $5,961,000,000.

Total tax reductions $65,000,000 in current fiscal year, $100,000,000 in full year.

No change in consumer taxes on liquor or tobacco.

No change in estate tax.

Federal government to seek co-operation of provinces in program for portability of pensions.

Limits removed on medical expenses in calculating income tax.

More tariff protection for certain sectors of textile industry.

Fifty-per-cent increase in capital cost allowance in first year on assets acquired for use in Canada above a company's normal capital outlays.

Extension of tax deductions for expenditures on scientific research in Canada.

Federal supervision envisaged for pension plans managed by trustees.

Metals fabricators to be allowed tax deductions for exploration expenses.

More intensive scrutiny of revenue department of "expense-account" living.

Volunteer firemen allowed income tax relief on amounts up to $300.

Increase in amount of tobacco in each cigaret permitted without higher tax to manufacturers.

Exchange rates of Canadian dollar to be pushed below U.S. parity by purchase of U.S. dollars.

Lower exchange rate on dollars, designed to help producers, to increase modestly prices of imported goods.

Lending resources of Industrial Development Bank to be increased to $400,000,000 from $160,000,000.

General tariff increase rejected.

Excess imports must be greatly reduced; exports expanded.

Governments to encourage supply of Canadian capital from Canadian savings.

Government to encourage reduction in interest rates.

New federal market issues to be confined to "short end" of market for several months at least.

Unemployment insurance fund's over-hang of $245,000,000 mid-and long-term bonds to be removed.

Purchase fund of $100,000,000 to assist in management of public debt.

Royal commission to examine Canada's financial structure and institutions, including Bank of Canada.

Judge appointed

OTTAWA (CP) — William D. Ferry, 48, a Prince George barrister, has been appointed judge of the County Court of Cariboo in British Columbia, it was announced Tuesday.

He succeeds Judge Henry Castillou, who retired May 9 because of ill health.

A former member of the Prince George city council, Judge Ferry began practice in the city in 1949 after graduation from the University of British Columbia.

PERSONAL DISASTER

VANCOUVER (CP) — For five years Kiyoko Habu sacrificed to save enough to return to Japan to see her son. After withdrawing $600 from the bank and putting the money to pay for her fare to Japan in her purse, she was returning home when a thief snatched it all.

VALUABLE BAIT

A villager of Xylophagou in Cyprus who lost his gold wedding ring while fishing recovered it five days later inside a fish purchased at a market.

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A riotous, happy time when four U.S. sailors take over a geisha house!

Tomorrow! 7-9 P.M.
CAPITOL
FRANK SINATRA — LAST DAY — 7-9 P.M.
THE JOKER IS WILD

TODAY to SATURDAY — 7 P.M.
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COMPLETE! INTACT!
The Spectacular Romance that thrilled millions!
DAVID O. SELZNICK'S MARGARET MITCHELL'S
GONE WITH THE WIND
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LESLIE HOWARD
OLIVIA de HAVILLAND
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TOTEM

DIAMOND THEFT INVESTIGATION — Fingerprint check is made by a detective following a daring diamond theft in Toronto. Police said it was one of the slickest they have seen. They said they think a highly-trained electrical expert was used to silence the burglar alarm system. The value of the diamonds was estimated between $250,000 to $600,000. — CP Wirephoto

Interest rate fix suggested

OTTAWA (CP)—Finance Minister Fleming hinted Tuesday night at the possibility of a return to an arbitrarily-set Bank of Canada interest rate as a signal to banks and investors of the central bank's monetary policies.

He dropped the suggestion at a press conference following his budget speech, in elaborating on a statement in the speech that the government intends to restore active and intimate co-operation between the central bank and the government and between the central bank and the public.

Mr. Fleming told reporters this would be don either by establishment of a central bank rate, or by a better kind of contact and exchange of ideas between the bank and the financial community.

Industrial loans to be increased

OTTAWA (CP)—Lending resources of the Industrial Development Bank will be expanded to about $400,000,000 from $160,000,000; all Canadian business will be eligible for its services, Finance Minister Fleming said Tuesday night.

He said in his budget speech that the bank can help small firms resist foreign acquisition.

The bank's business would continue to be mainly fixed-period loans to small-and medium-size businesses. However, it would increasingly exercise power to enter underwriting agreements or to purchase portions of the equity of business for eventual resale to the owner or others.

Fleming concentrates on national economy

OTTAWA (CP)—Finance Minister Fleming concentrated Tuesday night in his budget on stimulating the economy. As a result, he hasn't much time left for stimulating the individual taxpayer.

There was a concession here and there but as far as the ordinary consumer was concerned the main point of the budget was contained in the government's announced aim to lower the exchange rate of the Canadian dollar.

The consequence will be that imported goods will cost more. Mr. Fleming said Canadians must cut down on such buying. No changes in personal income tax rates were announced.

REPEAL TAX

The chief tax concession was repeal of the excise tax on passenger cars.

Mr. Fleming said he "of course expects the auto manufacturers and dealers to pass on the savings to consumers "in full."

Smokers of king-sized cigarets got an indirect break. Manufacturers will be allowed to put more tobacco in each cigaret without being penalized by a higher tax.

Mr. Fleming removed the limits on medical expenses allowed in calculating income tax. This will be of benefit to taxpayers hit by towering medical bills in such cases as car accidents.

FURTHER REVISION

Tax law governing personal corporations will be revised.

A personal corporation is one used by an individual and his relatives to hold their investments jointly, paying out the profits from them each year as though they were dividends.

Mr. Fleming said the legislation needs to be overhauled.

At present, if the personal corporation has a loss, the loss cannot be offset against a profit in the following years. The new law will permit the losses to be carried forward for taxation purposes.

MICE OWNERS AID

The owners of laboratory mice and guinea pigs will benefit from the budget. One of the tax changes is repeal of the 11-per-cent sales tax' on their feed.

INSURANCE CHANGE

The government may impose higher taxes or other legislative curb on Canadians who take out insurance with foreign firms not authorized to operate in Canada by federal or provincial governments, Mr. Fleming asid.

A 10-per-cent tax on premiums paid to such companies for property insurance is being extended to some other kinds of insurance, he announced.

BEATING THE HEAT — One-year-old Lisa Beallo left a trail of clothing behind as she prepared for a birthday-suit dip at Vancouver's English Bay bathing beach. She was one of thousands thronging the beaches as temperatures soared with no respite in sight. — CP Photo

VC winner, RCL founder dies at 8

QUEBEC (CP) — Lt.-Gen. Sir Richard Turner, 89, a winner of the Victoria Cross and the last of Canada's First World War generals, died Tuesday.

He had been taken to hospital May 31.

Sir Richard won his Victoria Cross, the Commonwealth's highest award for bravery, during the Boer War.

During the First World War, he was commander of the 3rd Canadian Infantry Brigade which became famous when it held firm under the world's first poison gas attack at Ypres, France, in March 1915.

While commanding the Second Canadian Division in France in 1917, Sir Richard was made a member of the Order of St. Michael and St. George and a year later, when he was commanding general of all Canadian troops in England, a commander of the Bath.

With Field Marshal Earl he founded the Canadian L — now the Royal Canadian ion — and was its first p dent.

NEW YORK (AP) — Some 30 welfare department building guards who pulled a wildcat strike over a pay issue were ordered suspended Monday. Welfare Commissioner James Dumpson ordered departmental hearings for the strikers, and called in city policemen to replace them.

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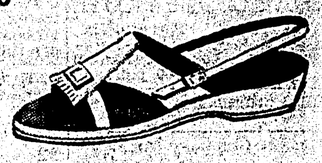

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