

It seems almost certain that the focal point of the session will be the North Atlantic Treaty. NATO meetings have been building up to the Lisbon gathering where, unless hitches arise, decisions will be made committing Canada not only to higher expenditures in the year, but possibly to an extension of the present three-year programme.

NATO will provide the theme song for the budget, consideration of estimates, foreign affairs debate and probably any debates on external trade. It will also loom large in proceedings of the defence expenditures committee.

The Finance Department is still busy with estimates and there has been no attempt yet to get down to the real business of budget making--something which generally requires a full month of daily conferences presided over by Mr. Abbott.

On a dollar and cent basis, it does not look as though there could be any drastic change in the taxation level. The general tendency is likely to be more down than up, but with a \$2,000,000,000 defence programme, it does not look as though there is going to be much margin.

There is expectation that Mr. Abbott will do something about the excise tax on cigarettes. Contrary to some reports there has been no cut yet in total revenues as result of the higher tax. So far, the increased rate has offset the drop in sales.

The issue of redistribution should be up for its periodic going over, and the battle may be more vigorous than usual in view of the drastic cut in Western representation that will result on the basis of the census figures....

British Columbia Signs Taxation Agreement: Ottawa, February 8 (CP) -- British Columbia today became the first Province to agree to terms of a new taxation agreement with the federal Government.

Premier Johnson of British Columbia and the Minister of Finance, Mr. Abbott, announced that agreement on terms had been reached following discussions here during the last few days.

Few details were given in the announcement, but it is believed that British Columbia will receive at least \$41,202,000 in the first year of the new agreement compared with \$32,155,000 in the final year of the existing agreement.

All Provinces except Ontario and Quebec now have agreements, due to expire March 31 next. The federal Government has proposed new agreements for another five-year period.

Under the new agreements, the federal Government would again be given almost exclusive use of the personal income, corporation and inheritance tax fields. In return the Provinces would receive annual federal payments based on population and the value of national production.

Across Canada: The Minister of Agriculture, Mr. Gardiner has disclosed a plan to import United States grain driers, complete with crews, to dry out part of the West's damp grain. The rigs would enter the country much the same as combining crews move north across the border every year at harvest time. The plan would supplement a scheme announced by the Minister of Trade and Commerce, Mr. Howe, in Ottawa on February 7 for shipment of large quantities of damp grain to the United States for drying there.... Progressive Conservatives gained their sixth seat in the Newfoundland Legislature as counting ended Saturday night of ballots in Thursday's by-election in St. John's West. Malcolm M. Hollett, Progressive Conservative candidate, was named the winner with 8,759 votes. His Liberal opponent, Resources Minister Arthur Johnson, received 6,364 votes.... Mr. G.D. Mallory, Trade Department official, will fly February 11 to India, Pakistan and Ceylon to study their industrial requirements under the Colombo Plan for economic development of South and Southeast Asia.