

TAXATION PLAN: The Prime Minister Mr. St. Laurent, made a statement in the House of Commons on January 17 about the developments resulting from the imposition of a provincial income tax in the Province of Quebec and announced the federal Government's plan for new federal-provincial income tax arrangements pending the results of a new federal provincial conference.

After referring to his meeting with the Premier of Quebec in Montreal on October 5, Mr. St. Laurent outlined some of the problems concerned with the subject, and said:

"I have, accordingly, advised the Premiers of all the Provinces that we propose, pending the results of a new federal-provincial conference, to ask Parliament to amend the federal income tax law in order to make a reduction of 10 per cent for all taxpayers of any province where a provincial income tax is levied on income for the years 1955 and 1956. At the same time we will ask Parliament to release from its present tax rental agreement any province which would prefer the new arrangement.

DEDUCTION

"We also intend to propose that income tax payers who have actually paid a provincial income tax on their 1954 income be allowed a deduction up to 10 per cent of their federal tax. In practice, of course, this higher deduction for 1954 will be applicable only to taxpayers who have paid the Quebec income tax because no other province had a provincial income tax in operation in 1954.

"In any case the figures already available make it clear that the rentals for the personal and corporation income tax fields in every province for 1954 will be greater than the amount the provincial Governments could have raised from a 7 per cent tax on corporation incomes and a personal income tax equal to 10 per cent of the federal tax.

"These proposed amendments are intended only as a stop-gap arrangement pending the conclusion of any long term arrangements for the period following the expiry of the present tax rental agreements.

"As hon. members know it had always been understood that it would be necessary to hold a federal-provincial conference before the end of 1955 to discuss fiscal arrangements for the years which will follow.

"In the light of the recent developments, it may be the desire of the provincial governments to have this conference held at an earlier date. I have addressed letters to the Premiers of all the Provinces outlining the proposal I have just mentioned and inviting the nine Provinces which have tax rental agreements to indicate whether they would prefer to take advantage of the proposed new arrangement. In these letters I have indicated that shortly after my return from the Commonwealth Prime Ministers' meeting in London I shall communicate with them further with the view to

working out arrangements for a conference at a time which will be satisfactory to all governments concerned.

"I should like now to table the letters I have exchanged with the Premier of Quebec and the letter I addressed to the Premiers of the other nine Provinces."

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PAKISTAN'S PRIME MINISTER HERE: The Department of External Affairs announced on January 19 that Prime Minister Mohammed Ali of Pakistan will arrive in Ottawa on January 24 for a visit as a guest of the Canadian Government. The Prime Minister of Pakistan will be the guest of His Excellency, the Rt. Hon. Vincent Massey, C.H., Governor General of Canada at Government House until January 26, when he will move to the residence of the High Commissioner of Pakistan and Mrs. C.A. Baig. He will leave January 27, for New York.

The Prime Minister of Pakistan will arrive on January 24 from New York by train. He will be welcomed at the Union Station by the Rt. Hon. Louis St. Laurent, Prime Minister of Canada, Mr. Lionel Massey, representing the Governor General, His Excellency Mr. Baig, members of the Canadian Government, diplomats and other dignitaries. Prior to departure from the station for Government House, he will review an RCAF guard of honour.

PRESS CONFERENCE

That afternoon the Prime Minister of Pakistan will hold a press conference in the main Conference Room of the East Block.

On the morning of January 25, Prime Minister Mohammed Ali will call on Mr. St. Laurent and will be the guest of honour at a luncheon at the Prime Minister's residence. That evening His Excellency the Governor General will entertain at dinner at Government House in his honour.

The High Commissioner of Pakistan will accompany Prime Minister Mohammed Ali, January 26, for a call on the Secretary of State for External Affairs.

In the evening the Prime Minister of Pakistan will entertain His Excellency the Governor General at the residence of the High Commissioner. Later a reception will be held by the Prime Minister of Pakistan at the Rideau Club.

Prime Minister Mohammed Ali will leave January 27, for New York enroute to London where he will attend the Commonwealth Prime Ministers' Conference.

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Gross factory value of shipments of 226 establishments comprising the miscellaneous leather products industry in 1953 climbed to \$26,258,000 from the preceding year's \$25,692,000. The number of employees rose to 4,674 from 4,535 and their salaries and wages to \$9,594,000 from \$8,970,000.