

The Herald

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Dominion Parliament

Ottawa, Feb. 15.—Taxation of those who are best able to bear it was the feature of Sir Thomas White's budget which was presented to parliament today. The direct income tax which was anticipated has not been imposed and agriculture is exempted. On the other hand the Minister of Finance has gone for the increased revenue which is necessary in this war time to the businesses and industries which have been able to maintain profits above the average return to capital during times of peace, also to those others whose profits arise directly from the manufacture of munitions or the furnishing of supplies in connection with the war itself, and are in some instances of abnormal character. "It has appeared to the government," said Sir Thomas, "that persons, firms and corporations whose profits have been such should be called upon to contribute a share to the carrying on of the war. Their positions being advantageous as compared with less fortunate fellow citizens, it is just that a portion of their advantage should be appropriated to the benefit of the state." The measure which he introduced to the House provides for the taxation of the profits in excess of a certain percentage upon capital engaged in all classes of business and industry, including railway, steamship, public-utility, financial, commercial, milling, mining and industrial enterprises. A rate of profit has been fixed which might be taken as a fair annual return in normal times. The following are the taxation and tariff changes: The duty on apples is increased to 90 cents per barrel, with a British preference of 33 1/3 per cent. A duty of one-half cent per gallon is imposed on oils and petrol, and under the British preference the duty will be one-third of a cent. The duty on crude petroleum will be 7 1/2 per cent, intermediate and general tariffs and five per cent. British preferential. Upon all incorporated companies carrying on business in Canada, except life insurance companies otherwise dealt with and those engaged in agriculture, there is imposed a tax of one-fourth of the net profits in excess of 7 per cent upon paid up capital. Upon individuals, firms and partnerships and associations there is imposed a tax of one-fourth of the net profits in excess of ten per cent of capital engaged in their business. These taxes will apply to every accounting period since the outbreak of the war.

So complete a surprise was the budget that A. K. McLean, of Halifax, the opposition financial critic, was unable to proceed, and moved the adjournment until he had time to think over what it all meant. What he had intended to argue the government should do was astonished to find it had done, and he was speechless. It is a far reaching taxation, and it will be some time probably before the country is thoroughly acquainted with the extent to which the government is prepared to go to get funds to help defray the cost of the war. One thing, however, is abundantly clear, and that is that those of the people upon whom the cost of the war has fallen heavily, and who have suffered because of it are untouched by the new taxation. Ottawa, Feb. 17.—There was an unusual scene in the Canadian Commons tonight when Sir George Foster reached the end of a speech thrilling in eloquence, replete with allusions and references and prophetic of the future for the Allies, the Empire and Canada. The applause was loud and prolonged, and it came from both sides of the House. The members cheered lustily and W. A. Buchanan, the Liberal member for Medicine Hat, who followed hastened to assure the House that he was at one with the sentiments expressed by the Minister of Trade and Commerce. He paid a fine tribute to the patriotic utterances of Sir George. Sir George has still the broad outlook of the great statesman, and no man can sway an audience as he can. He told the House tonight of the two lessons which Great Britain had learned, unpreparedness in military matters and co-ordination and co-operation of all the parts of the British Empire for the general good and the general benefit. He declared that the first thing after the war has ended will be the revision of the treaties and tariffs which govern trade. "The slate is clean," he said, "and the Allies who have mingled in the contest to deter the Hun will be disposed to unite to protect their countries. The last and least source of supply will be Germany, until the German people have renounced their mad wild dream of their super-race, super-race, and super-state." Sir George declared that the British Empire would join the "League of Goodwill of the Allies" for the good of all Canada, he said and shown herself to be one of the potent, virile forces of the whole world, and after the war they would work together, both parties and all the people for a sane, safe mobilization of all that was best in the country.

Canadian companies will be compelled to invest in those securities one-half of the increase in their net ledger assets during the years 1915 and 1916 after making provision for increase in foreign reserves and in policy loans insurance companies whose domicile is outside Canada but which are licensed to transact business in Canada will make their deposit required of them in 1916 and 1917 as security for their policyholders in the Dominion. Provision is made to meet the case of foreign companies which have already made their deposits for the present year. The courage which Sir Thomas White has displayed in presenting to the country a budget so radical in its proposals took parliament by storm. Never has it been so positively laid down by a Canadian finance minister that the rich must pay. Agriculture, as the basic industry of the country, is untouched, thus showing the keen mind of the nation builder. The wage earner will go on as he has been going and what he pays to the great fund such as the Patriotic Fund, will continue to be voluntary. But the rich man, the man who can afford to travel, the man who has been making money out of the nation's woe, the individual who has been making money out of the manufacture of munitions, and supplying all the needs of the Canadian soldiers generally will all dip into their pockets. They will pay not only out of their profits that they are going to make, but out of what they have already made for the measure is retroactive. The tax upon the profits goes back to the beginning of the war.

There has been a considerable renewal of activity on the Russian front around Dvinsk, to the south of the Pripiet river, but no important changes have occurred. The Italians are still using their guns and infantry in attempts to retake from the Austro-Hungarians the positions recently captured on Monte Rombon, but all attempts have been repulsed with heavy losses, according to Vienna. Both sides of the Sissers occupied by the Austrians, and positions in the Seebach Talley and on the Austrian front between the Pella Valley and Viesch mountain, also have been heavily repulsed by the Italians. The Russians are still on the offensive against the Turks in the Caucasus region, but Constantinople reports their attacks have been halted by counter-attacks. At the re-opening of the British parliament both Premier Asquith and Secretary for War Kitchener made speeches in which they reviewed the situation, and expressed confidence in ultimate victory for the Entente Allies. Premier Asquith informed the House of Commons that the government was taking stock of all its munitions, men and finance and industrial reserve, so as to be in a position to put forth its maximum strength. He intimated that another credit of large amount would be asked for at an early date, and announced that a general conference of the Allies is to be held in Paris, at which all the strategic and political aspects of the war will be considered.

New York, Feb. 16.—A news agency despatch from Paris today says: Three Teutonic submarines have been sunk in the Adriatic Sea by French cruisers according to the Echo De Paris. London, Feb. 16.—The final struggle for the mastery of Albania has begun, according to a very despatch received in London. The Austrians and Bulgarians have succeeded in forming a juncture, and their combined armies are now in contact with Essad Pasha's army of Albanians, Montenegrins and Serbians, which is defending Durazzo. London, Feb. 16.—Thirteen French aeroplanes carried out a raid on the town and camps of Strumitsa, Bulgaria, yesterday, according to a Reuters despatch from Salonik today. The machine dropped 158 bombs, causing several fires. It is added. The despatch states that the machines, although subjected to a severe bombardment, returned to their base untouched.

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Progress of the War

Petrograd, Feb. 16.—The fall of Erzerum, which had been confidently awaited since the news of the taking by the Russians of nine of the eighteen forts guarding the gateway to Asia Minor is the cause of great elation in Petrograd. Controlling the roads through Armenia, with access to Trebizond, Tabeiz, and Mesopotamia, the capture of Erzerum is calculated to have immense strategic importance in the Russian campaign in the Caucasus, and it will indirectly affect the Balkans campaign by relieving the pressure on the Allies at Salonika. The conviction entertained by all Russian military observers that Erzerum would ultimately be forced to capitulate was based on the fact that the remaining nine forts were of considerably less importance than those already in Russian hands and could be readily flanked or even ignored, in forcing the evacuation of the Turkish stronghold. The taking of the first fort is believed to have destroyed the plan of defense, since the impregnability of Erzerum rested on the assumption of the German engineers who constructed the fortifications that the position was safe against assault from the south. In spite of the intense cold and deep snow, the Russian troops took Kop mountain by storm, and dealt the Turks the first staggering blow. Having driven them from this position, the Russian artillery broke through and flanked the other positions, which were a house of cards, the result of the Russian onslaught exceeding all expectations. The Caucasian campaign derived great benefit from the Russian domination of the Black Sea, which enabled the army to receive a plentiful supply of provisions and munitions. The number of men garrisoning the Turkish positions before the recent retreat of the Turkish army was estimated at 80,000. These numbers are believed to have been considerably augmented by the falling back of the Turks. It was reported that the Russians before Erzerum that the Russians suffered defeat in the Russo-Turkish war. Erzerum is the first instance of a strong fortress being taken by a whirlwind assault.

Ottawa, Feb. 17.—A report received by the Militia Department today indicates that the Canadians have been in the thick of the fighting near Ypres, but that casualties are small. The report is not an official one, but is direct from the front. Under the sustained enemy artillery fire the Canadians were forced to withdraw from the front trenches. The enemy's onrush was met with a heavy fire from the Canadians, and the losses among the Germans are said to have been very heavy. "There are lots of Germans in our trenches, whole platoons of them," reads the report, "but they are dead Germans, and our losses are slight." The trenches attacked extended over a front of about 4,000 yards, and those evacuated were re-taken. It is not stated what battalions figured in the engagement.

Not a solitary foot of our trenches is in the possession of the enemy. The Germans got into them at many points are still there, but they are dead." That was the terse way in which Major Gen. Sir Sam Hughes described in the Commons this afternoon the result of the German offensive of the past few days on the British and Canadian front. He was answering a question from Mr. E. M. MacDonald as to the published report that the Canadians had suffered in the recent fighting. Gen. Sir Sam said that while he had as yet received no official report his information was that the Germans had attacked the British and Canadian lines east and south-east of Ypres following a very heavy bombardment of two or three days. The Canadian troops, he said, did not seem to have suffered nearly as much as might have been expected from the severity of the bombardment. Casualty reports for the last three days showed less than ten killed, and only about thirty or forty wounded. This was just about the normal number of daily casualties which have been coming in recently under normal conditions. To your correspondent Gen. Hughes said that the Canadians had apparently been well sheltered during the bombardment and the effectiveness of the defenses which had been strengthened by the Canadians during the past few months of co-operative immunity from attack, had been remarkably demonstrated. The Germans, said Sir Sam, had evidently done their best but the Canadians had stood their ground and had met the final rush firmly and successfully. The general believed that the toll of the German dead would be a heavy one.

Petrograd, Feb. 18, via London, Feb. 19.—The war office communication as issued today says "The completeness of the defeat sustained by the Turks and the terrible losses they suffered in the Erzerum fighting are becoming more and more clear. The forts in the fortress itself and in the surrounding country are full of Turkish dead. The remnants of the Turkish army pressed by our troops, are fleeing in disorder at many points, in different directions. A severe snowstorm has failed to cool the ardor of our men in pursuit, who are close on the heels of the enemy, and are annihilating them or taking prisoners at the tail ends of Turkish columns. We captured at Erzerum the entire fortress artillery and a large part of the enemy's field artillery. Up to the present we have counted two hundred guns. We have taken a huge quantity of artillery ammunition and arms, several dozen motor cars, wireless apparatus, and a pontoon park. The number of other troops taken and Turkish soldiers captured in the vast region of Erzerum are being tabulated. The troops of the Caucasian army, notwithstanding the supreme efforts demanded of them in the ceaseless fighting for over a month under most difficult geographical conditions have suffered but slight losses, and are ready for fresh exploits when the Sovereign chief gives the order." London, Feb. 21.—An Allied submarine passed through the Dardanelles on Tuesday last, reached the Bosphorus and torpedoed a tug and six transports laden with munitions according to an Athens dispatch to Reuters' Telegram Company. The presence of a hostile submarine caused a panic at Constantinople.

Canada's War Outlay

Ottawa, Feb. 14.—Details of Canada's war expenditure for the first eight months of the war, aggregating \$60,000,000, were given to parliament today in a fourth volume of the Auditor-General's report for the last fiscal year. The more interesting items and alleged irregularities have already been made public through the medium of the Special War Purchase Investigating Committee of parliament and of Sir Charles Davidson. The correspondence between the Auditor-General and the militia department, contained in the present volume, deals for the most part, with the cases which have already been publicly investigated, and throws little new light on what is generally known. Some of the details of expenditure are of special interest. During the eight months the government spent \$57,174 for special police for the Ottawa government buildings and public buildings generally. The Thiel Detective Service, with scores of operatives working for the Militia and Justice Departments, looking after spies and suspicious characters generally, cost nearly \$28,000. Internment operations cost nearly a quarter of a million. Special trains for ministers on war service cost over \$10,000. The C. P. R. drew over one million dollars for transporting troops. The Ross Rifle Company got \$933,000 for rifles, etc. up to March 31st last. The total number of new rifles supplied, up to that time, was given as 14,000. The cost of Valcartier Camp, including pay and maintenance of the 35,000 soldiers who were there during September and October, was \$1,170,000. The Naval Service Expenditures charged up to war account, totalled \$3,096,125, including \$405,000 for the Niobe; 206,000 for the Rainbow; \$1,234,000 for the submarines on the Pacific coast, and defence on the Atlantic.

The Trade and Commerce Department spent \$3,003,000 for Canada's gift of flour to the Moherland.

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Local And Other Items

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A report says a new shed constructed to hold four Zeppelins at Friedrichshafen has been partially destroyed by storm.

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Constantinople reports that the Allies have ordered the military occupation of all the Greek railroads in Thessalonik and Morava and that force will be used if necessary.

Nine women and two men were burned to death in a fire in the Colonial Restaurant and lodging house in New York yesterday morning. It is believed they were actors and actresses.

The New York Herald's London cable intimates that Lord Derby is to be a member of the cabinet as Minister of Aviation. Also Lord Robert Cecil, in charge of the rigid enforcement of the naval blockade against the enemy.

A telephone message from Kingsport, about 25 miles from Bristol Tennessee reported part of the plant of the New Federal Dye Stuffs and Chemical Company destroyed by fire last Friday night. It was used for the manufacture of war munitions.

Including Viscount Weymouth, Marquis of Bath, killed in action in France on Sunday, 45 heirs to peerages have been killed or died of wounds or illness contracted on active service, showing the sacrifices which the peerage is paying the service of the country.

Premier William Morris Hughes of Australia is now a member of the Canadian privy council. He was sworn in on the 18th by H. R. H. the Duke of Connaught and after the ceremony on the invitation of Sir Robert Borden he attended and participated in a meeting of the Dominion cabinet.

France was swept by a gale a few days ago. There were many shipwrecks and the Channel service was delayed. The Chantilly district was flooded when the local stream burst its bank. Reports from the front say that the last 48 hours had seen the worst weather since the war began. The gale was very severe in the Belgian district and a large section was flooded.

That the walls of Parliament buildings are intact, the whole west wing is practically undamaged by fire and only slightly by water, and that the Building as it stands today represents an asset in labour and material in position of fully \$2,000,000, that can be used, is the report of architects Messrs John A. Pearson of Toronto and J. O. Marchand of Montreal, after an examination of the burned structure.

Hon. Martin Burrell, Minister of Agriculture who was severely burned in the Parliament building fire is making good progress towards recovery. He is still suffering badly. As soon as he is able to move his doctors will likely order him to take a complete rest. It is probable that he will take an active part in the work of the session. Hon. J. D. Hazen in the meantime is the Acting Minister of Agriculture.

That many brands of salad dressing containing cotton seed oil are being sold as olive oil, contrary to the regulations governing the sale of this article, is reported by Dominion Analyst M. Gill in a bulletin just issued. Of 78 samples of oil examined, were found to contain cotton seed oil, while 35 samples contain the word "cotton" in very small type on the label, whereas the regulations require that they be labelled in conspicuous characters. The bulletin describes this condition of things as unsatisfactory.

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