

**CANADIAN WEEKLY BULLETIN**

INFORMATION DIVISION
DEPARTMENT OF EXTERNAL AFFAIRS
OTTAWA - CANADA

Vol. 4 No. 50

October 21, 1949

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WEEK'S EVENTS IN REVIEW

BUDGET SPEECH: The Minister of Finance, Mr. Abbott, on Thursday, October 20, re-introduced into Parliament the 1949-50 Budget. In addition to the tax reductions and removals announced when the Budget was first introduced on March 22 the Minister proposed three new tax curtailments, as follows:-

- (1) Removal of the 8 per cent sales tax on fuel oils used for heating or lighting homes or in industry, but not including fuels used in internal combustion engines.
- (2) Reduction by one half, from 50 cents a gallon to 25 cents a gallon, in the present tax on cider and other wines containing less than 7 per cent of proof spirits.
- (3) Personal income tax credit of 10 per cent on common dividends to be extended to include all classes of shares, retroactive to January 1, 1949.

The Minister estimated, in the light of the further figures which had become available since March, that the nation's total expenditure for the year 1949-50 would be of the order of \$2,460,000,000. Even after taking into account the additional tax changes he believed, he said, that the budgetary surplus for the year will be fairly close to the \$87,000,000 which he forecast on March 22 last. He added:

"A budgetary surplus of this magnitude would mean, of course, a corresponding reduction in the net debt of Canada. That would bring the total reduction which we have been able to achieve in this and the preceding three fiscal years to about \$1,730 million. Of this achievement we have every right to be proud but, on the other hand, we have no right to be complacent, as under the assumptions made the total net debt of Canada on March 31 next would still amount to about \$11,690 million -- surely no inconsiderable burden for a nation of thirteen and a half million people."

Following are additional excerpts from the Minister's 7,000-word financial review:

"So far as one can see at the moment, the net effect of the recent world-wide realignment of currency rates does not require any significant revision in my estimate that the level of prices during the current fiscal year will not vary significantly from that of last year."

"Our policies should work in the direction of attempting to achieve a relative increase in our imports from non-dollar sources and an expansion of our exports to the United States. We should look to positive measures of this kind rather than to restrictive devices for the means to overcome our dollar difficulties and to achieve a better balance in our trade."

"In the United States market the Government of Canada had a strikingly successful flotation