PRODUCTION AND THRIFT ARE NEEDED

Canada Will Look to Her Own People to Furnish Large Share of Nation's Financial Requirements

All Canada's governmental requirements up to the beginning of summer had been financed, but there was a large body of troops overseas, whose pay and cost of maintenance ran into large figures, and would continually increase as the number increased, was the comment of finance minister White in his budget.

To maintain, he said, these forces abroad, by relying entirely upon our own resources it would be necessary to raise the money here and purchase exchange on London. To provide this money and as an efficient safeguard to the Canadian financial situation, the government had arranged last fall for a total authorized loan from the imperial treasury of thirty million pounds to be availed of, if necessary, at a maximum rate of two and a half million pounds monthly during the present calendar year. Without this arrangement, Canada, with the large invisible balance of interest payments, amounting to about $150,000,000 annually, owed to Great Britain on past indebtedness, and an annual interest debit of $35,000,000 to the United States, would have been obliged to export gold to Great Britain or to the United States for part, at least, of the war expenditure abroad.

Must Assist Motherland.

While this arrangement absolutely ensures the stability of finances for the year, it will be the government's most earnest endeavor to utilize as little as possible of this generous provision on the part of the imperial government, sustaining, as it is, the heavy burden of financing its own unparalleled expenditures and making loans on a vast scale to its allies. Further, it is the intention, to the extent that Canada may be able, to make advances in Canada to the imperial government to facilitate its additional purchases here of munitions and supplies.

Dealing with the question of future loans, Sir Thomas said his personal view was that it was better to face the higher rate payable on long-term issues, rather than to make repeated short-date issues, as those maturities might have to be provided for at times when further funds had to be raised for fresh war expenditures.

To Promote Thrift.

The conspicuous success of the recent Canadian war loan encouraged the government to hope that a large proportion of its requirements might in future be raised from its own people if the production of the Dominion continued to increase and strict economy and thrift were exercised by the people with the intention of investing their savings in government securities.

To promote saving among the public and afford a ready means of remunerative investment in Dominion securities, the finance minister has determined to authorize the sale from time to time, in principal sums of $100 and multiples thereof, of debenture stock repayable in five years from date of issue, and bearing interest payable half-yearly by cheque, negotiable without discount at any branch of any chartered bank in Canada. The price will be par, and full information as to the nature and terms of the issue will be published later. The government will reserve to itself the right to limit the amount of individual sales and generally to deal with the issue as may be deemed advisable, having regard to the national credit and requirements.

TWO TARIFF CHANGES ONLY

Duties on Apples and Oils—Income Taxation Not Expedient Now

In Canada's last budget there was increased (with certain exceptions) the general and intermediate tariff rates by seven and a half per cent. and the preferential rates by five per cent. There was also imposed special taxes upon banks, insurance, loan and trust companies, and upon cheques, money orders, telegrams, railroad, sleeping-car and steamship tickets, letters and postal cards, and upon wines and certain other commodities. At the time this broad measure of taxation was imposed many were of opinion that the war might not last through the year, and the measures then adopted were regarded as adequate to meet the needs of the military establishment Canada had then in view, viz., one hundred thousand men. With the altered situation, in which there has been recruited troops to the number of 250,000, and are aiming to increase these to 500,000, it is manifest that there must be devised further ways and means of meeting the expenditure necessary to organize and equip the new contingents and maintain Canada's entire forces, said finance minister White.

Two Changes Only.

The only tariff changes, he said, would be with regard to apples and oils, the duty on apples being changed to 90 cents per barrel.

"This duty is indispensably necessary for the preservation of the apple-growing industry of Canada, and particularly that of British Columbia, which has been seriously affected since the outbreak of the war."

The oil duty would be one-half cent a gallon on oils, petroleum, not including crude petroleum imported to be refined, or illuminating or lubricating oils. This change would include heavy distillates that are now assessed at 2½ cents a gallon, and which had been imported chiefly into the prairie provinces.

This item is expected to yield a revenue of $500,000. The goods covered by the tariff proposals would be exempt from the provisions of the customs tariff war revenue act of last year.

No Income Tax.

Sir Thomas White said that for reasons previously given the imposition of a direct income tax, for the present at least, was inexpedient. This restricted the area of taxation. Careful consideration had been given to the question of what class or classes could best bear the burden of further special taxation, "because it is an axiom of taxation that the burden should fall upon those in the community best able to bear it."

ECONOMIC CONDITIONS IN CANADA

From Adverse to Favorable Trade Balance in One Year—Husbanding of Resources

Probably the most outstanding feature of Canada's national economy during the year has been the extraordinary change which has taken place in the international trade balance, remarked Sir Thomas White in his budget speech. For the fiscal year 1912-13 it was adverse to the extent of over $300,000,000; in 1913-14 of $180,000,000; and in 1914-15 of $36,000,000. For the present fiscal year it seems certain that there will be a favorable trade balance in the neighborhood of $200,000,000. That so great a change has been effected in one brief year is a striking tribute at once to the marvellous productivity of the Dominion and the capability, industry and thrift of Canada's people. The Dominion's total trade for the year will aggregate approximately $1,200,000,000, an increase of nearly $200,000,000 in exports, and a slight reduction in imports. This is the largest aggregate trade in the history of the Dominion.

On the financial side stability continues to be maintained. The statements of the great monetary institutions disclose a position of growing strength. The savings of the public are rapidly increasing in volume, thus ensuring adequate credits for the commercial, industrial and agricultural needs of the community. Although, since the outbreak of the war, borrowing for capital requirements has been possible in Great Britain only on a greatly reduced scale, the provinces, municipalities, railway, industrial and other corporations have resorted with a marked degree of success to the investment markets of the United States, where a strong demand exists for their securities.

Multiply Production.

While these features of Canada's economy are significant and encouraging in the extreme, it must be continually kept before one and all, the salient fact that Canada's citizens are participants in a war, the greatest in all history, still being waged on an increasing scale, with undiminished vigor and with no prospect of early termination. Indeed, all signs seem rather to point to prolongation until the issue shall have been determined by superior resources on the one hand and