BUDGET SHOWS ORDINARY SURPLUS OF $61,000,000

FIELDING IMPOSES SALE TAX AT SOURCE, GIVES GENEROUS TREATMENT TO BRITAIN, LEAVES WAY OPEN FOR U. S. RECIPROCITY

Budget Speech Shows Careful Collection of Revenue and Reduction In Necessary Additions To National Debt—Forecasts Ordinary Surplus Next Year of $14,100,000, But Railway Advances Will More Than Consume It.

MEASURES TO AID CANADIAN INDUSTRIES

Canadian Press Despatch.

Ottawa, May 12.—A crowded house and packed galleries greeted Hon. W. S. Fielding, minister of finance, when he rose yesterday to present his seventeenth budget. In its delivery he occupied exactly sixty minutes—sixty minutes of close analysis of Dominion finances, of eagerly-awaited taxation proposals, keenly followed by an attentive house. His story at the outset was one of the burden of debt as an aftermath of war, of surpluses on ordinary account, swallowed up and turned into deficits by expenditures on special accounts, and railways. He closed with a buoyant note of optimism, Canada had been passing through a period of depression. During recent months there had been an exodus to the United States.

"But this, I believe," Mr. Fielding concluded, "is only a temporary condition. I believe they will come back. . . . Already we see signs of reviving activity in our country. That we may check the exodus and bring back many of those who have already gone is a reasonable expectation. If we have faith in ourselves, faith in the intelligence, industry and courage of the Canadian people, faith in the vast and splendid resources of our dominion, we may justly look forward to an early revival to the prosperity of former days."

Last fiscal year, said Mr. Fielding, there was an estimated surplus of ordinary revenue over ordinary, special and capital accounts of nearly $38,000,000. But advancies to the national railways and merchant marine took another $98,000,000, leaving an excess of ordinary, capital and special and railway commitments over revenue of rather more than $80,000,000. In that year the estimated increase in the net debt amounted to $49,000,000.

In the fiscal year, which opened a few weeks ago, Mr. Fielding estimated, taking present taxation as a basis, a revenue decreased by $21,000,000. The chief decrease would lie in income and business profits tax, which were expected to yield $17,797,000 less than last year. War tax inland revenue was estimated to yield an increase of $7,000,000; customs, an increase of $5,600,000; excise, a decrease of the same amount. He forecasted a surplus over ordinary and capital expenditure of about $14,100,000; but railways, it was estimated, would require $74,500,000—taking all of the surplus and leaving a balance on the other side of the account.

There would be something over through the full amount of the estimates not being expended yet. There would be some addition to the national debt. He was hopeful, however, that the addition would be very small.

It would have been "very agreeable" to make the budget balance, but in view of the present heavy burdens, Mr. Fielding declared himself reluctant to impose new taxation. "We are proposing," he declared, as he went into details of his taxation changes, "a considerable reduction in our customs tariff, in the excise duties."

His main announcements were:

Increase in the British preference on goods shipped through Canada rivers and sea ports.

Sales tax to be collected at source at the rate of 6 per cent.

Reduction in sugar duties.

Excise duties on beet sugar dropped.

Cigarette tax reduced to former rate; tax on soft drinks replaced by tax on carbonic gas in use in manufacturing them.

Bounties granted on hemp and copper with the ceasing of bounties on manila, linen, thread and petroleum.

New items created to give protection to the artificial silk industry.

Duty increased on raisins to allow offer of special preference to be made to Australia.

Stress Tariff Stability.

Reduced excise on Canadian wines, raw furs, drain tiles for farm purposes, manuscripts and newsprint to be exempt from sales tax.

Mr. Fielding stressed the need for tariff stability.

"No business man," he declared, "would care to enter upon enterprises which might be brought into peril by frequent tariff changes. The tariff as it will be when the changes proposed today come into effect will be a moderate tariff, and probably as low as the country can afford under present conditions."

Subject to exceptional conditions, he thought the country "should be content to accept the tariff as it will now stand as one as fair and reasonable as can be prepared under all the circumstances, and businessmen should be able to carry on the enterprises without fear of being soon disturbed by further changes." He declared finally, "our readiness and our willingness" for reciprocity with the United States "whenever they are ready to meet us on fair terms." He proposed an amendment to Canada's tariff laws to authorize negotiations with any authorized representative of the United States looking to the conclusion of a commercial treaty; further, if the president of the United States under his present authority would reduce by 50 per cent the American duty on cattle, wheat, wheat flour, oats, barley, potatoes, onions, turnips and fish, Canada would be prepared to make reductions on similar articles by way of compensation.

Debate on the budget is expected to be in full swing next week.

Before the orders of the day were called, Dr. Manion of Fort William urged the ministry to carry out the recommendation of the royal commission on pensions and have the claims of ex-service men reviewed. Hon. Dr. Beland declared discretion was in the hands of the pensions board, but that legislation would be brought down at the present session which it was hoped would meet the demands of the ex-service men.

The discretion was with the pension board to interpret the act, however, and the government had urged continuously for the most generous interpretation possible. He thought it would be possible to amend the act to the satisfaction of all.

Loudly Applauded.

Mr. Fielding thereupon moved the house into committee of ways and means. He was loudly applauded by the government members when he rose to speak.

Mr. Fielding at the outset dealt with the financial statement for 1921-22, which, he declared, was really a "conservative year." The revenue had been $351,922,386, and the ordinary expenditure had been $347,560,690 as surpluses had been calculated on the past there had therefore been a surplus of $34,391,696. Capital expenditure had totalled $16,295,332, so that with ordinary and capital expenditure taken together there had been a surplus of $18,360,000.

So far it was a story of surpluses, but unfortunately it has been necessary to make advances to the railways totalling $97,950,000. So that there had been a total deficit of $81,380,864. The net result was that there had been added to the public debt the sum of about 61 millions.

Railways Kill Surplus.

For the fiscal year 1922-23 just closed, the ordinary revenue had been $393,619,000 and the ordinary expenditure had been $331,780,000. There was, therefore a surplus of $61,839,000. Capital expenditure had totalled $14,500,000, and other expenditures had brought that sum up to $24,350,000. The surplus left was, therefore, $37,589,900. Railways again had destroyed that surplus, requiring advances during the year totalling $92,190,000, and to the mercantile marine had been advanced $6,050,700, totalling to railway and marine, $98,250,720. The surplus was eaten up, and a large balance left on the wrong side of the ledger. The net result was that there had been added to the national debt the sum of $49,293,086.

The receipt of $8,000,000 on exchange adjustment from the British Government had helped the situation somewhat.

Dealing with the balance sheet of 1922-23, he placed the ordinary revenues at $393,619,000 and the ordinary expenditures at $331,780,000, which left a balance of $61,839,000. But there has to be added on the debt items for capital expenditure of $14,500,000 and expenses for war claims, demobilization, etc. The total of these extra expenditures is $124,250,000. The net surplus is thereby reduced to $37,589,000. But unfortunately there were demands of the national railways for the deficit and capital expenditures totalling $92,190,000 and some $6,060,620 for the national marine. These items wiped out any surplus and left a net deficit of some sixty millions of dollars. However, some relief had come from payments by the British treasury and other sources. The net addition to the debt in the past year had been $49,293,086.

Debt Inevitable.

There was little satisfaction in chronicling an addition of such an amount to the public debt. It was inevitable during the war, and people were quite justifiably thinking that it was about time the budget was brought down. Stern economists would desire this, but he thought it would be inadvisable to pile on taxes at the present juncture, when the people of Canada were so heavily burdened.

He was unwilling to yield to the temptation to try and balance a budget by adding extra taxation, and he asked the house and country to bear patiently with the present conditions, accept the necessity of some annual additions to the debt until the betterment in the economic situation which was looming up more clearly every day had effect.

It was satisfactory to record that the debt addition had been progressively decreasing and he gave the figures for the years since 1914. These figures follow:

Debt increase, 1917—$264,000,000.
1918—$312,000,000.
1919—$382,000,000.
1920—$674,000,000.
1921—$92,000,000.
1922—$81,000,000.
1923—$49,000,000.

The Sales Tax.

A large portion of the revenue, said the minister, was received from the sales tax. The form of the tax had given rise to some discontent and a change of an important character was proposed. In the future the tax would be imposed as to source and the amount would be six per cent. (Applause.) The tax would be paid on the duty paid value both of the home-made and imported article. There would be some difficulties on collection, but it was hoped that these could be overcome. It was also proposed that there should be added to the list of exemption from the tax, raw fur, wool, grain for seed, manuscript and newsprint.

There had been some new taxes last year, some had proven successful, some had not. There had been much complaint against the receipts tax, but the minister regarded the tax as perfectly sound.

The check tax had been graduated last year by a maximum of $2. It had been represented that this tax had induced persons living along the boundary line to keep their accounts across the border. The maximum had, therefore, been reduced to one dollar. This also applied to notes and bills of exchange.

On account of the effect of the French treaty on wines it has been decided to reduce the excise duty on Canadian wines from 30 cents per gallon to 7½ cents. The duty on Canadian sparkling wine is reduced also from $3 per gallon to $1.50. This would fully meet the French treaty. It was not intended, however, to make any change in the excise on Canadian spirits to meet the French treaty rules on brandy.

Any changes in the income tax will be dealt with in a separate bill.

Expects Ordinary Surplus.

Mr. Fielding estimates that there will be a gain of $5,600,000 in customs duties, and gains in other items, but they would be more than balanced by the reductions which must be faced. He estimated the revenues to be derived from the existing tax as $363,725,730, which when set side by side with the estimates tabled, would leave a surplus of $15,850,000.

But when the changes of taxation now to be proposed were to be taken into account, the revenue for 1923-24 should be estimated at $352,517,000, which would leave a surplus over ordinary expenditure of $37,517,000. From this capital expenditure, estimated at $23,415,000 must be deducted, leaving a surplus apart from the railways of about $14,000,000.

Seventy-four million dollars would probably be required for the railways, and he could not, on that account, hold out hope that the net aggregate deficit would be less than $60,000,000. He then discussed the various financial operations, in the way of fresh loan conversions, treasury bill redemptions and replacements called on by the finance department in the past, and gave full details of each of them. He then went on to state that there would be considerable fiscal changes, but believed they would not seriously diminish the volume of revenue received.

Cigarette Tax Cut.

The duty on cigarettes had last year been increased by $1.50 per thousand. The figures showed what might be regarded as a falling of in consumption, as a result. The minister did not regard it as a falling off in consumption, but in the consumption merely of duty-paid cigarette revenue expectations had not been realized. It was therefore decided that the $1.50 increase be cancelled, and that there be a reversion to the old rate.

The tax on soft drinks has been cancelled, and in its place a tax of one cent per pound be placed on carbonic acid gas.

With regard to the customs tariff, nearly every item was in the nature of a reduction. It was proposed, however, that a duty of three cents per pound be placed on raisins and dried currants, under the general and intermediate tariffs, but that these be free under the British preference. It was hopd thus to induce Australia to agree to a reciprocity treaty with Canada. A small duty of three, four and six cents has been placed on crude petroleum.

It is further provided that a drawback of 40 per cent of the ordinary duty be granted on machinery of a kind not made in Canada.

Machinery for the utilization of fish waste is henceforth free. Hemp seed is placed on the free list, as is also well drilling machinery and machinery for the manufacture of artificial silk.

British Preference.

The amendment that there would be an increase in the British preference which would take the form of a discount of 10 per cent on the customs duties payable on British goods. Goods, for example, which now pay 30 per cent, shall henceforth pay 27 per cent, and goods paying 25 per cent will pay 22½ per cent. The discount will be subject to qualifications. It will not apply to goods paying 15 per cent duty or less, and it will only apply to goods coming direct from Britain, via Canadian ports, and a proportionate reduction on refined sugar. The dumping duty does not at present apply to sugar coming from Great Britain. Henceforth it would not apply to any sugar whenever the price rose to 8 cents per pound.

Mr. Fielding then discussed the problem of rendering aid to young industries. The request was usually for either fresh or higher tariff duties, but unfortunately the finished product of one commodity was the raw material of another. The government had reached the conclusion that certain industries should be helped, but that the assistance should take the form of bounties rather than duties. He discussed the position of the copper industry in Canada. It is protected by a duty of 1¾ cents per pound on copper, ingots, but owing to foreign competition, neither copper bars nor ingots were manufactured in Canada.

Bounties Offered.

To encourage their manufacture, he proposed a bounty of 1½ cents per pound on copper bars and rods manufactured in Canada. It would, however exist only for five years, and further a reduction of 2 per cent each year till it was obliterated at the end of five years.

To assist the hemp industry, which is being started in Manitoba, he proposed beginning on July 1, 1925, a bounty of 1½ cents per pound on hemp products, which would chiefly consist of binder twine. The bounty would be available for five years, and would not be allowed to exceed $20,000.

On the other hand, the bounty on linen thread, which had been little utilized, would be allowed to lapse, as would the subsidy to cordage manufacturers.

All Bounty Cut.

The petroleum bounty, which had existed for years, had not been a serious drain upon the treasury, but as great discoveries in the west were anticipated, it was thought well not to run the risk of having to pay out large sums. So the present bounty would continue for a year.

Then it would be cut in half for another year, and finally wiped out thereafter. He discussed the problem of forest conservation, and the demand for an embargo on the export of pulpwood. The government had decided to have the problem investigated by competent experts, and would probably have some definite proposals next year.

Discussing the general tariff situation, he maintained that our present fiscal arrangements could be described as moderate tariffs, and he urged the need for fiscal stability. He then proceeded to discuss our fiscal relations with the United States and the effects of the Fordney tariff.

The Reciprocity Offer.

Continuing Mr. Fielding said that a minister of Canada had already proceeded to Washington and told the government of the United States that Canada desired to enter into reciprocal treaty with that country. Still, it was just as well to say it again, and in order to make it clear he proposed to move the following resolution:

"That the customs tariff, 1907, be further amended by adding after Section 8A the following as sections 8B and 8C:

"8B—The governor-in-council may authorize any minister of the crown to enter into negotiations with any authorized representative of the government of the United States with a view to the making of a commercial agreement between the two countries on terms that may be deemed actually beneficial. Any agreement so made shall be subject to the approval of the parliament of Canada.

"8C—If the president of the United States under authority of the United States tariff act of 1922 determines to reduce by 50 per cent the duties imposed by such acts, in the following articles, that is to say: "cattle, wheat, wheat flour, oats, barley, potatoes, onions, turnips, hay and fish as enumerated, in paragraphs 717, 718, 719 and 720 of the said tariff act of 1922, the governor-in-council may by order-in-council make such reductions of duties on similar articles imported into Canada from the United States as may be deemed reasonable by way of compensation for such reductions on Canadian products imported into the United States."

A Direct Appeal.

The latter paragraph was a direct appeal to the president of the United States notifying him that Canada was ready to meet him on fair ground if he should be willing to enter into an agreement with this country. The present law of the United States provided that the president could make certain reductions in the tariff if he saw fit to do so.

The minister of finance referred to the great business activity which prevailed in the United States at the present time. It was only natural that a lot of Canada's young men should be drawn to that country, owing to the opportunities which it offered. He thought, however, that they would find their way back to Canada. This country would feel a renewal of prosperity in good time, and all that was needed was faith that it would return.

Sir Henry Drayton Replies.

There was sustained applause when Mr. Fielding took his seat. Sir Henry Drayton, former minister of finance, immediately rose and offered his compliments and congratulations to the minister. It was hard to realize that Mr. Fielding had just delivered his seventeenth budget, especially since the finance minister had shown that he retained one quality peculiar to youth, the ability to learn new lessons. As an illustration of this, Sir Henry said that last year the opposition had told him (Mr. Fielding) that the tax on cigarettes was too high and would kill business and reduce revenue. "This year," said Sir Henry, "he sees the figures; he learns; he repents."

The opposition had also warned the minister regarding the beet tax. This year he repented and the tax was taken off. Sir Henry wished chiefly to congratulate the minister on realizing the necessity for stability in business. "You can't have business stability unless you have tariff stability," Sir Henry said.

The Railway Deficits.

Turning to the budget statement proper, the former finance minister thought it would be a good thing if the minister would pay particular attention to the railways. He could not see why the railways cost the country $92,000,000 this year, unless their manager wanted to swell expenditure this year to make a better showing next year. The statement showed that Canada was going behind.

There had been a real addition of $49,000,000 to the national debt during the past year and the minister had intimated that we must look for a further increase of some $50,000,000 next year, since the minister had estimated a surplus of only $14,100,000 apart from the railways. Sir Henry thought Mr. Fielding was taking too gloomy a view of things.

Last year Mr. Fielding's estimates of income from various sources had been far from the mark. More had been gathered in than the minister had said he expected. Sir Henry thought the same would be the case this year.

Talks of Depression.

In the speech from the throne last year, the country had been told that Canada was in an excellent condition; but in his budget speech Mr. Fielding had said that "the past year had been one of exceptional business depression." Yet the collections of direct taxes during the last year had been considerably lower than during "the year of exceptional business depression."

"I admit that business throughout the country has been harassed by one hundred and one picayune taxes which have added to the uncertainty," said Sir Henry, "but I do not think it is as bad as my hon. friend makes out."

The present government, said Sir Henry, had collected less in direct taxation than its predecessor which had been scolded for not getting more. The last year of Conservative government had seen 32 per cent of all revenue collected by direct taxation. The present government had collected only 24 per cent of its total taxation by the direct method.

There were some things which Mr. Fielding proposed to help, particularly the artificial silk, copper and Canadian hemp industries, said Sir Henry.

At 4:45 Sir Henry moved the adjournment of the debate and the house went into committee on the combines bill.

Budget Proposals.

The following official summary gives a birdseye view of the principal proposals in today's budget:

CUSTOMS.

Preferential tariff is reduced by a discount of 10 per cent on the amount of duty computed under such tariff, when such goods are conveyed without trans-shipment into a sea or river port of Canada.

Articles on which the discount will not apply:

(a) On wines, malt liquors, spirits, spirituous liquors, liquid medicines and articles containing alcohol, sugar, tobacco, cigars and cigarettes or

(b) To goods on which the rate of duty does not exceed 15 per cent; or

(c) To goods admitted into Canada under the Canada-West Indies trade agreement. Sugar, refined, reduced one-half cent per pound.

Sugar, raw, reduced about 40 cents per hundredweight.

Cigarettes reduced to the former rate.

White Oxyde of antimony is made same rate as zinc white.

Firebrick for the construction or repair of a furnace is made a uniform rate of 5 per cent preferential tariff, 7½ per cent intermediate tariff and 10 per cent general tariff.

"Sheet feeding machines" and "machinery for printing by photographic methods" are added to the item "printing presses" at the rates of 5 per cent preferential tariff, 10 per cent intermediate tariff, 10 per cent general tariff.

Stumping machines are reduced to the same rate as "other agricultural implements." Ten per cent preferential tariff; 15 per cent intermediate tariff; 15 per cent general tariff. A drawback of 40 per cent is to be allowed on materials used in the manufacture of these machines.

Machinery of a class or kind not made in Canada for the manufacture of fish meal and other articles from fish and the waste thereof, is made free.

The free entry of well drilling machinery is extended to "parts thereof" and certain "drawn or seamless [illegible]ng."

Artificial silk yarns or filaments are made dutiable at 10 per cent preferential tariff, 12½ per cent intermediate tariff and 15 per cent general tariff. All manufactures of artificial silk are made dutiable at the same rate as manufactures of silk. In some cases this is an increase and in other a decrease.

Usual coverings containing machinery are reduced under the preferential tariff from 15 per cent to 7½ per cent.

A drawback of 60 per cent may be paid on machinery and parts thereof of a class or kind not made in Canada when used in manufacturing or producing goods of a class or kind not made in Canada prior to the 12th of May, 1923.

A drawback of 99 per cent is to be allowed on copper in blocks, pigs or bars when used in the manufacture of rods for electric wires.

Consumption or Sales Tax.

This tax will be collected at the source from the manufacturer or producer and on imports, all at 6 per cent.

Provisions will be made that the tax on materials used in the manufacture of goods will not be paid until the completion of the manufacture, to insure that only one tax will be paid on any particular class of goods.

The tax on confectionery and beverages, enumerated in schedule one and schedule two of the 1922 act, is repealed.

The petroleum bounty act is amended, so that the present rate will remain until 30th June, 1924. The rate will then be reduced to ¾c a gallon until 30th June, 1925, when the bounty will cease.

A bounty will be paid on copper in bars or rods. The rate for the first period will be 1½c per pound, such rate will be reduced each year and will expire on the 30th June, 1928.

A bounty will also be paid on hemp grown in Canada, used in the manufacture of yarn or twine, or in the manufacture of hemp further advanced than yarn or twine. The rate will be 1½ cents per pound during the first period, from 1st July, 1925, to 30th June, 1926. The rate will be reduced each year, and will expire on the 30th June, 1930.

In addition to the changes mentioned in the official summary, the following appear on an examination of the budget resolutions:

The duty on potatoes imported from the United States, or from any country imposing a duty on Canadian potatoes, is raised from 20 to 35 cents per 100 pounds under the general and intermediate tariffs, and from 12½ to 20 cents under the British preference.

Raisins and dried currants are made free under the preferential tariff and raised from 2-3 of a cent to 3 cents under the other tariffs. The purpose of this is to permit of an advantage over other competitors being offered to Australia.

Hemp seed for agricultural purposes is placed on the free list. This and the bounty on hemp are measures to encourage the growth of that business.

The specific duty on malt flour, containing less than 50 per cent in weight of malt, is reduced from 3 to 2 cents per pound, the ad valorem duty remaining unchanged at 35 per cent.

Liquorice paste, not sweetened, is reduced in duty by 5 per cent under all tariffs. Liquorice in rolls and sticks is left unchanged.

A new item is inserted to impose a duty on crude petroleum, not in its natural state, 7,900 specific gravity or heavier, a quality of petroleum being imported on the Pacific coast, the duty being three-tenths to six-tenths of a cent per gallon. Crude petroleum in its natural state remains free.

A new item is inserted to put "unfinished metal parts of spectacle and eye glass frames" on the free list.

Dentists may get the benefit of low rates on composition metal and plated metal, which have in the past been open to jewelers.

The duties on iron and steel scrap under all three tariffs are cut in two, but there is a new proviso inserted to limit the definition of what "scrap" is. There is also a revision in the definition of brass and copper scrap. There is a slight reduction in the duty on rolled iron and steel coming in under the British preference.

The Budget At a Glance

FINANCIAL STATEMENT:

Ordinary revenue, 1922-23	$393,619,000
Ordinary expenditure, 1922-23	331,780,000
Estimated ordinary surplus	61,839,000
Capital expenditure	14,500,000
Other expenditure, other than ordinary	9,850,000
Total capital and other expenditure	24,350,000
Net surplus	37,589,900
LESS:	
Advances to railways	$92,190,000
Advances to merchant marine	6,060,720
Total advances	98,250,720
AGAINST THIS PUT:	
Net surplus of	$37,589,900
British exchange adjustment, about	8,000,000
Net addition to national debt	49,293,086

TARIFF CHANGES:

British tariff preference reduced by 10 per cent discount on certain goods imported direct to Canadian ports.

Raw sugar reduced 40c per cwt. while sugar price is not above 8c per lb.

Cigarettes reduced to former rate.

Excise tax on Canadian wines cut from $3 to $1.50 per gallon.

Excise duty on Canadian wines reduced from 30c to 7½c per gallon.

Numerous other reductions on a long schedule of articles.

Reciprocity proposals to the United States in specified agricultural and fishery products.

TAX CHANGES:

Sales tax taken from retailer and wholesaler and special tax of 6 per cent imposed at source of production or manufacture.

Maximum tax on checks and similar documents reduced from $2 to $1.

Luxury tax removed from confectionery and beverages.

Bounty on Canadian grown hemp and conditional bounty on copper bars and rods used for the manufacture of wire.

Bounty on petroleum subjected to limitations, expiring in 1925.

LONDON BUSINESS LEADERS APPROVE BUDGET CHANGES

Fielding's Announcements Regarded With Favor In All Industrial Quarters.

CHANGES NEEDED

Hon. W. S. Fielding's budget announcements, particularly the clause providing for relieving retailers and jobbers from payment of sales taxes and substituting the burden on manufacturers, finds ready approval in the ranks of London industry.

Representative business men of this city, interviewed last evening, believed the government action was greatly needed. Since the sales tax was originally levied numerous inconsistencies and incongruities had arisen; some executive heads even went so far as to declare that the government was milched out of millions of dollars through disreputable bookkeeping methods and the change is regarded favorably all around.

Reductions in the price of essential commodities, however, if any, will be negligible. The general opinion is that the finance minister formulated his new regulations with the purpose of simplifying the involved and difficult system of taxation under which retailers and jobbers have been doing business. While there may be a slight decrease in the price of cigarettes, beet sugar and a few other articles, the reductions will not be general.

The government's experiment whereby retailers were obliged to add an additional 5 to 6 per cent on all goods sold, in accordance with regulations, reaped so many injustices that any system promising a relief from the intricate method at present in vogue is very welcome. Local businessmen commended Mr. Fielding highly on his budget proposals and all thought they augured well for a rapid return to national prosperity.

"The elimination of the best sugar tax," said William Turnbull, of Edward Adams and Company, wholesale grocers, "will have little effect in Canada except to lower the price of American beet sugar in this country and thus benefit American refiners. There is only one good-sized concern in Canada that will benefit.

"In every other direction, however, the change is decidedly welcome. The sales tax was a tremendous burden on wholesale trade. It restricted interchange of goods. For instance, if we happened to be out of any commodity temporarily we would have to purchase from other wholesale houses and pay the additional tax. Clerical work will also be materially lessened. Under the prevailing system the government never knew if they were receiving the correct amounts from business firms or not. There are crooked executives in every line of business and it would have been ridiculously easy for any to have avoided payment."

T. P. Elliott of Smallman & Ingram's department store, expressed satisfaction with the new measures. It would simplify the work immensely and prevented retailers and jobbers of loose business methods from dodging governmental obligations.

Tax Was Needed.

"We should have had that kind of tax from the beginning," he said. "Manufacturers, of course, will include the tax in the cost of their products and thus reap a greater profit on every sale. It is the best method that could be evolved."

"The big feature of the new provisions as I see it," said James Gray of Gray's department store, "is that it spreads the cost over a larger percentage of the people. The consumer, naturally, will have to pay in the long run. Department stores suffered severely from the old taxation. We frequently failed to add the sales tax to the price of goods purchased and were thus forced to stand the loss. I think Mr. Fielding is working out Canada's financial problems in good shape. The results of his new budget will stimulate trade."

Joseph Flynn of the Flynn tobacco stores stated the dropping of the cigarette tax of $1.50 per thousand would lessen cigarette "bootlegging" from the United States, but would not have the effect of lowering prices. Instead of retailers paying the tax, manufacturers would have to pay it.

George Price of the Imperial Tobacco Company substantiated Mr. Flynn's views. He thought the reduction, if any, would be small. The government was at present receiving about 9 cents for every package of cigarettes sold, 4½ cents a pound duty on tobacco and $6 a thousand revenue. The cost to the retailer was 14 cents and the 2½ cents sales tax prohibited any big profit on a cigarette selling at 18 cents a package. By taking off the $1.50 per thousand and making a straight tax of 6 per cent on the manufacturer the price might be reduced by a fraction, but it was doubtful.

Stop Bootlegging.

"The cigarette tax proposals will tend to stop bootlegging," said Gilbert Ward, local tobacco manufacturer. "The trouble is that the harm has already been done. In certain channels American cigarettes have come over here by the carload. However, the new regulations will help to stop this."

Ken' Murray of the Murray Shoe Company, said: "The idea of collecting the whole of the sales tax at one source should be a great saving in labor, and a considerable saving in the collection of the tax. The rate of six per cent seems to be very high, and as in all other taxes the consumer will pay it in the long run. An increase of one and a half per cent on a tax of this nature is considerable. It simply means dearer articles in the stores, that's all."

Morley Aylsworth, assistant manager of the Huron and Erie, believe. "the reduction of the maximum tax on checks from two to one dollar will not have very much effect, I think, in this part of Ontario. As Mr. Fielding says, it may have a certain effect in those towns which border on the International line which was no doubt the main cause of the reduction."

William Haddon, manager of Boomers, confectioners, stated "The reduction of 40 cents per hundredweight on sugar will certainly be a help. I don't think it will affect candies and confectionery very much at least for some time. Sugar has been high lately and what stocks are held were bought at a stiff price. As to the removal of the tax on beet sugar it will make no difference to us at all as we never use beet sugar in the business."

URGES AN AMENDMENT TO THE PENSIONS ACT

Hon. R. J. Manion Calls Dr. Beland To Bring Down Bill.

Canadian Press Despatch.

Ottawa, May 12.—Hon. R. J. Manion, (Conservative, Fort William) in the house yesterday drew attention of the minister of soldiers' re-establishment to telegrams which he had received concerning the conflict between the Board of Pensioners' commissioners and the G. W. V. A., regarding the carrying out of the recommendations of the Ralston Royal commission.

Dr. Manion asked if the minister, Dr. Beland, did not feel that it was within his power to instruct the board to carry out the act in the spirit that it had been passed by the house last year. Dr. Manion also asked when the minister proposed to bring down his bill to amend the pensions' act.

Hon. H. S. Beland replied that members of the house and of the government had received telegrams similar to that to which Dr. Manion referred. As to the interpretation of the act by the pensions' board, that was a matter entirely within their discretion. As to the advisability of amending the act, that was a question for the house and the government.

PREDICTS BRIGHT FUTURE FOR TOWN OF PETROLEA

Special to The Advertiser.

Petrolea, May 11.—More than 200 people attended the annual banquet of the Petrolea and District Chamber of Commerce here last night. The main speakers of the evening were Mr. Littlefield, of Toronto, president of the Canadian Oil Co.; Major McAdams, of Sarnia. All the speakers dealt on the prospects of the town and predicted a bright future for Petrolea. Speeches were given by other prominent citizens and community songs filled the evening's program.

DECLARE CHATHAM MAN MET ACCIDENTAL DEATH

Special to The Advertiser.

Chatham, May 12.—A verdict of accidental death was returned by the jury impaneled to inquire into the death of Henry Campbell, who was struck by a Wabash freight train on May 5 and died the next day in St. Joseph's Hospital. Dr. Coulter, who attended the injured man, stated that his death was caused by injuries to his thorax and shock caused by being struck by the pilot of the locomotive. Alderman William Murdock, who witnessed the accident from his home on Inshes avenue, also gave evidence.

PROGRESSIVES WILL MOVE AMENDMENT

Robert Forke, M.P., Declares Budget Proposals Are Not Satisfactory.

Canadian Press Despatch.

Ottawa, May 12.—When the debate opens on the budget, it is expected that Progressives will move an amendment. While the terms of the amendment have not yet been drafted, the probability is that it will declare against the principle of protection, which, Progressives claim, is contained in the budget proposals.

Robert Forke, Progressive leader, questioned by a Canadian Press representative tonight, declared that Progressives did not consider the budget satisfactory. "I do not think," he said, "that the tariff changes in the budget will be of any benefit to western farmers. Furthermore, the finality of reductions, as announced in the budget speech, was extremely disappointing."