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SURPLUS OF \$152 MILLION FORECAST

The Federal Government is budgeting for a surplus of \$152,000,000 and expenditures of \$5,018,000,000, during the fiscal year 1957-58, it was indicated in the Budget Speech delivered in the House of Commons March 14 by Finance Minister Walter Harris.

Tax reductions and benefit payment increases announced by the Finance Minister will cost the Federal Treasury an estimated \$148,000,000 in 1957-58, and approximately \$261,000,000 when they have been in effect for a full year.

Reviewing the economic picture in Canada, Mr. Harris said that the gross national product might rise to \$31,250,000,000 from \$29,900,000,000 in 1956, and pointed out that Canadians should save more money to overcome inflation and reduce the need of foreign supplies. He said that although consumer prices may show some further rise as a result of the 1956 boost in wages, freight rates, and material costs, inflationary forces may begin to moderate during the year. There was a significant improvement in real earnings of Canadians during 1956, the Finance Minister indicated, and average farm income this year may reach a record. Prolonged continuation of a foreign trade deficit which reached \$1,400,000 during 1956 could cause problems for Canada, Mr. Harris said.

In the tax field, the main changes were as follows:

Effective July 1, old age pensions for those over 70, assistance payments for those between 65 and 70 and pensions for blind and

disabled persons will be increased to \$46 per month from the present \$40.

Effective July 1, children under 10 years of age will be eligible for Family Allowances payments of \$6 per month and those between 10 and 16 years will be eligible for monthly payments of \$8. In effect this increases by \$1 the amounts formerly paid for children under 6 and between 10 and 12.

Effective July 1, pensions to war veterans, widows, dependent parents and unemployable veterans will be increased by a total of \$19,000,000 in the fiscal year 1957-58 and by \$25,000,000 in a full year.

Starting with income tax returns for the 1957 tax year, individual tax payers will be allowed to claim a \$100 deduction in lieu of submitting receipts for medical expenses, charitable donations, trade union dues and professional membership fees. Those with larger claims will file receipts as at present.

Effective immediately, the 10 per cent special excise tax on soft drinks, chewing gum, chocolate, confectionery and candy is repealed. This tax was also removed from decorated and crystal glassware, pottery and porcelain, fountain pens, ball-point pens, propelled pencils, desk sets, motorcycles and scooters.

Effective immediately, the ten per cent sales tax was taken off a wide range of articles including mayonnaise, salad dressings, cocoa, tea, coffee, and pickles.

(Over)

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