

CROWDED GALLERIES WELCOMED SIR HENRY DRAYTON WHEN HE MADE HIS BUDGET SPEECH

He Dealt With the Economic and Financial Position of Dominion, Emphasizing Prosperity in Trade, and the Growth of the Revenues—Gov't Policy Calls for Thorough Revision of Tariff—Heavy Tax on Luxuries and Non-Essentials Proposed.

(Canadian Press Despatch.)
Ottawa, May 18.—Sir Henry Drayton, minister of finance, presented his first budget to the House today. Prior to stating his taxation proposals, Sir Henry gave an extensive review of the financial and economic position of the Dominion.

Conditions obtaining not only in Canada, but all over the world, he said, were very different from the conditions which prevailed while the war was in progress. Then the compelling necessity of the moment required the raising of large sums of money. It was absolutely imperative that there should be no check on production, no hindering of the war effort.

Today conditions were changed. The war was won. Expenses were great. Canada, with other countries which participated in the titanic struggle, was faced with a pyramid of debt.

"The duty today," Sir Henry declared, "is not only to carry on the government of the country without any additions to the debt but, on the other hand, to promote measures which will reduce the nation's indebtedness." The task, while heavy, was not so severe as the obstacles which Canada had overcome in the five years of war and stress.

War Effort in Peace Time.
"Indeed," Sir Henry proceeded, "were it possible for the country again to become as united and earnest as it was during the war period, if it were possible for each and all of us to sink all differences, class and sectional interests and jealousies into an effort toward re-establishing a Canada as united and co-ordinated as that which won the war, the task would indeed be easy and simple."

Sir Henry sketched the progress of Canadian trade, showing how an excess of imports over exports had within the last few years changed to an excess of exports over imports. He gave further series of tables showing steady growth in the production of wheat, of farm products generally, of growth in the product of mines and forest, in fisheries and in manufactures, in bank deposits, in fire and life insurance policies.

"It," he said, "the progress of the past but a fair indication, the problems of today and tomorrow may be faced without doubt of a successful issue."

The Debt.
Sir Henry turned to the national debt, making an analysis of the assets to show how far they should be deducted from the gross debt for calculation of the net debt. At the end of the financial year, the national debt, according to ledgers of the finance department stood:

Gross debt, \$3,014,437,742.
Less investments, \$1,078,537,465.27.
Net debt, \$1,935,900,276.75.

Beyond all question, Sir Henry went on, it was a matter of importance that the exact position of the country's debt should be cleared. While the books were correctly kept and the entries properly made, some of the investments could be characterized as active investments.

The result of providing for contra account and of treating the inactive items as items that ought to go in suspense or capital account was to reduce the investments included in calculating the net debt by \$237,359,124.07, and to increase the net debt as shown from \$1,935,900,276.75 to \$2,173,259,400.82.

Sir Henry said that in Canada, as everywhere, there had been inflation in the price of commodities, inflation in currency and inflation in credits.

For the purposes of comparison, he tabulated the combined note circulation of the Dominion and of the banks as on March 31, 1914, and as on March 31, 1920, giving the gold held in each case.

The circulation increase in combined circulation was 108 per cent. In Great Britain between 1914 and the end of 1919, note circulation had increased 207 per cent. The circulation of the United States showed an increase of 70 per cent. from June 30, 1914, to June 30, 1919. The circulation of other countries taking a prominent part in the war had increased to far greater percentages.

Under all these circumstances, bearing in mind that Canada before the war had to borrow abroad to finance her own requirements, bearing in mind that during the war and since the armistice she had not only financed herself but had also extended credits to other nations, "the situation of the country's currency is very remarkably good."

The percentage of the gold reserves

to the Dominion and bank note circulation was 48 per cent. The percentage of gold to the total circulation of Great Britain, based on 1919 figures, was 26 per cent, and of the United States, approximately 56 per cent. Large as it was, the circulation was all required. Increased prices of commodities meant that much more money must be kept in the tens of thousands of shop tills all over the country.

Live Closer and Produce.
High prices in Canada were not made by Canadian action alone. They were the result of the general trend in the prices of commodities the world over. Today were it possible suddenly to dedate Canadian credits and circulation, with the general demand for commodities that today existed, the influence on the situation would be negligible. Prices would continue high and the only result to the Canadian public consequent on the withdrawal of purchases would be the stagnation of business, unemployment and loss of production.

Inflation of credit more affected the cost of commodities than circulation. Every loan for an unproductive purpose that the government made, no matter how successful it might be, to some extent at any rate increased the credit inflation of the country.

"Inflation," said Sir Henry, "can only safely be cured in this or in other countries, by the government and provincial government stopping further loans, and by all government institutions, including municipalities and indeed every individual whose circumstances permit it, reducing expenditure whenever possible and as far as increased production in all our forms of productive industry."

Canadian trade figures showed advances in the value of production and exports. But the fact must not be lost sight of that these figures were based on the inflated values now prevailing. Expressed in quantities, the production of the country that year as indicated by tonnage carried by the railroads, instead of increasing had actually decreased.

Trade With Britain.
There had been an "extraordinary increase" in the imports from the United Kingdom. For October they were \$8,655,848; for March they stood at \$25,555,388—the latter figure constituting a record. Total imports from the United Kingdom for the fiscal year were \$256,274,000, or fifty-three millions greater than in 1919, and very nearly, as expressed in dollars, equalling the prowar trade with the mother country. Exports to the United Kingdom during the fiscal year totalled \$489,000,000, a decrease of \$51,000,000 as compared with the previous year, the balance of trade being \$232,725,000 in Canada's favor.

The 1919 figures, however, included about \$170,000,000 for munitions and war materials.

Exports to the United States during the war amounted to \$464,000,000, increasing by \$9,000,000, while imports from the United States reached the unprecedented figure of \$902,000,000, exceeding 1919 imports by \$55,000,000. This increase was all the more remarkable in view of the adverse exchange rate. It was apparent that the mere question of cost had not weighed very much upon the Canadian buyer.

Revenue and Expenses.
Revenue for the fiscal year 1919-20 would reach approximately \$388,000,000, the largest revenue Canada had ever collected. It was no less than \$250,000,000 greater than that of the first year of the war.

Consolidated fund ordinary expenditure for 1919-20 would be approximately \$349,000,000. This included \$108,500,000 interest on public debt; \$25,000,000 for pensions and \$49,000,000 for soldiers re-establishment.

For investment and capital outlays, beyond the ordinary current expenditure of \$349,000,000, an expenditure of \$187,856,991 was estimated. The resultant total of \$536,856,991 represented the outlay of Canada for all purposes apart from war during the last year.

With a total revenue of \$388,000,000 and an ordinary expenditure of \$349,000,000, it would be seen that during the fiscal year the government, after meeting all ordinary expenditures including an increased amount of interest account and pensions over the previous totalling nearly \$29,000,000 had a surplus of approximately \$39,000,000 over ordinary expenditure to apply to capital expenditure.

Demobilization expenditure for 1919-20 would amount to \$350,000,000 making a total outlay of \$886,856,991 for that year.

Cost of War.
Total expenditure for the war up to and including March 31, 1920, amounted to \$1,674,000,000 apart altogether from such expenses resulting from the war as pensions, soldiers' civil re-establishment, soldiers' land settlement and interest on war debt. During the year, the country paid off a floating debt of \$247,000,000 out of the proceeds of the Victory loan issue of 1919. The short-date indebtedness at the close of the year amounted to only \$88,956,000. The addition to the debt during the year amounted to \$386,000,000. Main estimates for 1919-20 totalled \$327,149,425, (\$325,500,000 on ordinary account) and supplementary estimates for civil service bonus \$12,500,000.

The question of main supplementary estimates was still standing. Revenue for the fiscal year 1920-21 estimated on the basis of existing fiscal legislation and assuming that value of imports for customs purposes should practically remain the same as for 1919-20 should amount to \$380,000,000. Including the cash on hand and outstanding accounts including balances and

James Francis Is Recommending It

Well Known Halifax Man
Says Tanlac Built Him Up
So He Gained 14 Pounds.

"I not only gained fourteen pounds in weight but after taking Tanlac for a few weeks I felt like a brand new man," declared James Francis of 61 B. Langard Road, Halifax, N. S., recently.

"For over two years I had been in such bad health that I lost twenty-seven pounds in weight. I had very little appetite, but that didn't matter much as I was so bothered with indigestion and gas on the stomach that I often went for days at a time without being able to eat any solid food. I used to come home from work at night tired out and so exhausted that once I sat down I could hardly move out of my chair. Many a day I felt so bad that I had to quit work at mid-day and go home to rest. I was constantly troubled with dull, throbbing headaches, and could not sleep at night but then roll and toss about for hours and then get up in the morning feeling about half dead. My nerves got so bad that I used to shake like a leaf. I sure was in a bad way."

"That was the state I was in last June, and I was looking around for some good medicine to fix me up, when I noticed by the papers how many people were being helped by Tanlac. So I got some, and the way that medicine worked on me was astonishing. I gave me an appetite such as I hadn't had for years, and I found that I could eat anything I desired without any fear of indigestion or stomach trouble afterwards. My food seemed to do me good and as I have said I gained fourteen pounds in weight, and that tired worst feeling. I began to sleep well at night and would get up in the morning feeling just fine. I think Tanlac is a great medicine. I've recommended it to scores of my friends and I'm sure it will help them. I tell other people, also about my happy experience with the medicine."

Tanlac is sold in St. John by Ross Drug Company and in the leading drug list in every town, under the personal direction of a special Tanlac representative—Adv.

From Great Britain there was a whole lot to \$720,441,732.88.

In all probability the whole of these accounts would not be collected within the year and \$71,000,000 would get up in the morning feeling just fine. I think Tanlac is a great medicine. I've recommended it to scores of my friends and I'm sure it will help them. I tell other people, also about my happy experience with the medicine."

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The revenues of the year and cash assets available, declared the minister of finance, should at least not only carry current expenditure, but retire this debt.

Current expenditure, however, would be greater this year than that already indicated. Deficits on the railway system had been reported in the estimates. These deficits, during the readjustment period, would be materially increased by the acquisition of the Grand Trunk.

Some economies ought to be effected in the near future, but with the arbitration pending it was improbable that full benefit of the Grand Trunk situation could be expected in the current year.

It would be necessary to make advances for different shares of past due operation obligations. These advances would constitute obligations of the company and must be taken into account in the arbitration. In addition, advances of necessity would be made to provide for this year's operations.

The approximate amount to cover advances for the purposes mentioned was \$28,000,000.

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THE MINISTER OF FINANCE SUBMITS TAXATION PROPOSALS TO HOUSE OF COMMONS

Articles of Luxury Are Heavily Taxed—Minister of Finance Believes Food Commodities and Other Necessaries of Life, Not Produced in Canada, Should be Lightly Taxed.

Ottawa, Ont., May 18.—(By Canadian Press.)—The following is a summary of the taxation proposals submitted to Parliament by the Minister of Finance this afternoon:

Luxury Taxes.

Ten per cent. of the total purchase price on boots and shoes costing over \$3 a pair; men's and boys' suits costing over \$45 each; men's and women's overcoats costing over \$50 each; fur coats and robes over \$100 each; women's dresses over \$45; women's suits over \$50; and on hats, hose, neckwear, shirts, purses and gloves costing above certain specified figures, as well as on some other wearing apparel, all furs, opera cloaks, ivory-handled cutlery, cut glassware, velvet and silk fabrics, lace ribbons, silk embroideries, and sporting goods; also on trunks over \$40 each, and valises, suit cases, etc., over \$25 each. This tax to be paid by the purchaser to the vendor at time of sale.

Twenty per cent. on mechanical player pianos, graphophones and mechanical musical instruments and records used therewith.

Twenty per cent. on articles of gold for household use.

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Point to this WAXTITE Package



Your Grocer will see the Point

You can be sure of all the crisp delicious flavor of oven freshness when you ask for and get Kellogg's Toasted Corn Flakes in the moisture-proof package, wrapped and sealed "Waxtite." More than a million families take this precaution every day. This signature is your guarantee—

Kellogg's

Kellogg's Products—Toasted Corn Flakes—Shredded Krumbles—Krumble Bran—are made in our new modernized kitchens at TORONTO, CANADA, always wrapped "Waxtite"—Sold Everywhere.

Kellogg's
WAXTITE
TOASTED CORN FLAKES
BATTLE CREEK, MICH. TORONTO, CAN.



Gillette Brings Down the Budget

TODAY in 20,000,000 homes, the Gillette Safety Razor brings down the cost of shaving. The only increases are in Comfort and Shaving.

As in the past, those who sit and wait for others to shave them will be subjected to the normal fee, an optional tip and a heavy tax on time, while only Gillette self-shavers will be exempt from Stopping and Honing duties.

It is obvious, under the general budget, greater production, and increases in the number of working hours will be necessitated, so that the ten minutes that can be saved every morning by Gillette Shaving advance in relative importance.

The price of the Gillette Safety Razor is still Five Dollars.

MADE IN CANADA
Gillette
KNOWN THE WORLD OVER

until 10 o'clock Tuesday, May, to take the evidence of Dr. Chipman, who had attended wounds of the injured man.

M. O'Neill, Clerk of the Peace, conducted the proceedings, and John H. Dunn of Gagetown, the court stenographer in attendance.

May sittings of the Queens Bench Court opened Tuesday, 18th, at 2 in the afternoon. His Judge Chandler, will preside, expected that a large number of cases will be entered for trial in sitting.

NITTI WILL FORM NEW CABINET

May 17.—Singer Nitti, whose resignation last week, has been accepted by King Victor, is expected to form a new Ministry.

An invitation was extended today, the King had conferred with his former Tittoni and Orlando.

HEAD

These about the Jubilee Know.

Out of The Prosperity Which God Has Given You HELP OTHERS.

Important social work that practical benefit, peace the Christian spirit of needed than today. I of a new era of enlarged

ARE YOU WILLING to bear in mind the things that other people have to bear on their hearts?

pathy with the good work needless to say, it will give member of a Territorial

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of Rotary ohn.

TOWERS
"Takes the Wet out of Rain."
SCHOOLBOYS COAT
What the Boy Needs
Your own boy needs this coat which defies rain and rough usage. Fine for school and messenger boys.
Ask your dealer