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Ottawa Has Little Criticism For Budget

Government's Position Has Not Suffered Thus Far Through New Taxes—Conference With West Indian Delegates to Strengthen Trade Relations—Budget Debate Will Close Soon —Civil Service Superannuation Bill—Bureau of Standards and Research Institute Proposed

(Special to *The Monetary Times.*)

Ottawa, May 26, 1920.

THIS week will probably see the wind up of the budget debate. The discussion is already beginning to drag. Generally speaking the proposals of Sir Henry Drayton are satisfactory to its supporters; that is as satisfactory as any tax proposals can be, because taxation is never popular. The man who is hit always thinks that he is bearing the chief burden. The government will have no trouble in holding its majority. In a party so loosely bound together as the present Unionist party this is a pretty good indication that the budget is acceptable. There may be a half-dozen western Liberal Unionists who would like to see a greater cut in agricultural implement duties who will bolt, but this will be the limit of any revolt. Some of the high protectionist Tories think there has been too great a compromise to the Liberal Unionists in abolishing the 7½ per cent. war duty, but their objections will not go further than a gentle protest.

Following the winding up of the budget debate there will be another couple of weeks in committee. Some minor amendments may be made as it is a question in the imposition of the so-called luxury taxes whether the line of demarcation between luxuries and necessities has not been drawn too low. For instance, the shoe men are protesting against $9 being the exemption line on shoes. It is claimed that it should be at least $12. Just how the luxury tax is going to work out it is hard to say; there is bound to be much confusion and much evasion and in many cases it will be a hardship on retailers to make them tax collectors. The tax which promises to be the greatest revenue producer, and from which the department of finance is expecting its greatest results, is the 1 per cent. tax on the turnover of all manufacturers and wholesalers. The wholesalers are already making a big protest on this tax. They claim that it will drive retailers to deal direct with manufacturers, as otherwise there will be a double tax—one on the turnover of the manufacturer and the second on the turnover of the wholesaler or jobber. They claim there is a possibility of its almost putting the middleman out of business.

With the budget debate out of the way there will be a government caucus to consider the future of the party. The budget and the budget debate has about settled this question. By accepting the budget and the principles enunciated by Sir Henry Drayton, the Liberal Unionists have irrevocably committed themselves to a policy of moderate protection. The cabinet ministers have apparently crossed the rubicon and burned their bridges behind them. It is rather noteworthy that so far the chief contribution to the debate from the government side have been from the Liberal Unionists, and all have gone out of their way to announce their adherence to the budget and to the tariff principles laid down in it. Hon. C. C. Ballantyne was particularly outspoken in his views. He looks for the next election to be fought on the fiscal issue.

Conference With West Indian Delegates

There will open on Monday in Ottawa a conference of more than unusual interest and importance. It will be a conference between the British West Indies and the Dominion with Great Britain also represented by Col. Amery, M.P, Under Secretary for the Colonies. Primarily, there will be discussed trade questions, particularly the renewal of the present preference and better transportation and cable facilities. The last conference was held in 1912, when a 20 per cent. reciprocal preference was arranged. Before the preference was fully tested, the war broke out and all the Atlantic channels of trade upset. However, despite these handicaps there has been a big development of trade. Now it is proposed to renew this treaty and the British West Indies delegates have intimated their willingness for an increase in the preference to 50 per cent. The government has given no hint of its intentions.

Increased preference is useless without better transportation facilities. Heretofore, the shipping facilities between the two countries have not been of the best. However, with Canada owning her own mercantile marine, there seems no reason why a line of steamers cannot be arranged. Incidentally, the old question of annexation of the West Indies to Canada may arise. There are many earnest advocates of this policy. However, the feeling at Ottawa is that commercial union for the time being is sufficient and that Canada has enough problems on her hands without undertaking the annexation of distant tropical islands, with large colored populations.

Another Railway for North

Permission for the construction of a railway north of the Great Slave Lake to take care of reported oil finds, was agreed to by the railway committee of the Commons on May 18. W. A. Boys (Simcoe), who is handling the bill, said the object was to open up oil fields and mining areas which the promoters believed existed there. The proposed line would go to the Nelson River, and carriage would be made to the Hudson Bay. The line would be in operation four or five months of the year. The capital stock is fixed at one million dollars. Headquarters of the company, which is known as the Northwest Route, Ltd., are at London. Construction of the road must be begun within two years.

H. H. Stevens (Vancouver) thought the resources in the vast hinterland north of Athabaska Landing should be developed to every possible extent. It was folly to place this application on a par with railways in more settled parts in regard to time for completion. Between two and five years for completion was ample, he thought. J. F. Smellie, counsel for the promoters, said a similar bill was passed