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THE BRITISH BUDGET.

The new taxes announced by Mr. McKenna in the Budget which he introduced in the Imperial House of Commons this week follow the general lines on which British finance has been maintained for many years. Chief reliance continues to be placed upon the income tax, which is increased further from the high level to which it was raised last year. From the cabled summaries of the Chancellor's proposals it appears that earned incomes below \$2,500 per annum will pay a tax of 54 cents per \$5, instead of slightly over 50 cents, but whether this enlargement of the tax applies to all earned incomes down to the minimum of \$650 per annum, which is subject to the tax, is not quite clear. Prior to the outbreak of war this tax was 22 cents per \$5. Earned incomes between \$2,500 and \$5,000 will pay 60 cents per \$5, the rate of the tax being graded up to \$1.25 per \$5 when the income exceeds \$12,500. "Unearned" incomes (*i.e.*, those received from investments) will also have to pay on an enlarged scale, the rate on an unearned income of \$1,500 per annum being 72 cents per \$5, rising to \$1.25 per \$5 when the income exceeds \$10,000. Besides this income-tax, what is termed the "super-tax" is maintained on incomes in excess of \$15,000 a year, so that a good many wealthy English people will have to pay up fully a third of their incomes in these two taxes alone.

This increase in the income tax, which hits hardest, of course, fairly well-to-do and wealthy people, is reinforced by an addition to the excess "profits" tax, making it 60 per cent. instead of 50 per cent., and by a series of revenue impositions falling upon all classes. There are graded taxes on admission to amusements, on railway tickets (taking a leaf from Sir Thomas White's legislation of last year), fresh duties on sugar, cocoa, coffee, chicory and mineral waters, a new tax on matches which will double their price, and increased registration duties for motor vehicles. The expectation that something would be done by way of tariffs to regulate imports of luxuries has been disappoint-

ed. The Government, it is said, propose to take the more drastic course of prohibiting these imports altogether, a step which will free cargo space, help rectify exchanges and avoid the present necessity of a new establishment to inaugurate tariff taxation. The new taxation, Mr. McKenna anticipates, will bring in \$325 millions a year, and yet further taxation is to be expected in a supplementary budget in July.

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A hint by Mr. McKenna suggested that the British Government is following the policy of imposing at the present time a maximum of taxation, with the intention of lightening the burden as much as possible at the conclusion of peace, when naturally the country as a whole will find it less easy to bear the burden than to-day, when owing to expenditure of borrowed moneys on an unprecedented scale, a temporary and artificial prosperity is being maintained among some classes of the community. The new draft is a heavy one, but well within the power of the British people to bear. Moreover, the burden of taxation is being borne cheerfully and courageously. No sacrifice is deemed too great in the present struggle, and financial sacrifice is the least of the demands at present being made and accepted. Mr. McKenna's statements of expenditures during the past fiscal year and estimates for the current fiscal year contain figures that are almost staggering. Expenditure last year totalled £1,559,000,000 against a revenue of £336,000,000. This year's expenditures, including loans to Dominions and Allies, are placed at £1,825,500,000, or almost exactly £5,000,000 a day. The revenue anticipated is slightly over £500 millions, leaving a balance of about £1,300 millions to be made up by borrowing. We hope that Sir Thomas White will find himself able to carry out the Canadian Government's desire not to avail itself of the loan arranged from the British Government, but to arrange its war financing for the current fiscal year without drawing upon this loan, in order that to the extent of our power, we may lessen the British Government's burden.