

NINE MONTHS' SURPLUS \$299,100,000

REVENUES DECREASE: The Minister of Finance, Mr. Abbott, on January 14, released the monthly statement of the Comptroller of the Treasury covering revenues and expenditures for the month of December and the fiscal year to date.

Total revenues of the Government for the month of December amounted to \$199.6 million, down 9.4% from the \$220.2 million of December 1948. For the first nine months of the current fiscal year total revenues amounted to \$1,836.4 compared with \$1,956.2 for the same period a year ago, a decrease of \$119.8 million or 6.1%.

Excise taxes collected in December \$49.2 million were down some \$6.6 million from \$55.9 million a year ago and have dropped about 10.2% in the fiscal year to date or from \$455.1 million to \$408.7 million. Personal income taxes collected in December amounted to \$35.6 million as compared with \$46.6 million in the same month of 1948. For the first nine months of the fiscal year collections in this classification totalled \$471.9 million as compared with \$564.8 million in the same period of 1948, a reduction of \$93.0 million or 16.5%. These declines due to reductions in the tax rates were in the nine months to date partly offset by an increase in corporation income tax of \$72.3 million.

Total expenditures in the month of December were \$200.3 million compared with \$170.2 mil-

lion in December 1948. Aggregate expenditures for the first nine months of the fiscal year were \$1,537.4 million, an increase of \$191.0 million or 14.2%. Increases in expenditures in the nine months were principally accounted for by: National Defence, \$76.6 million; Family Allowances, \$19.5 million; Old Age Pensions, \$9.7 million; expenditures by the Department of Mines and Resources, \$12.7 million including Payments under the Emergency Gold Mining Assistance Act; and compensation to Provinces under the Tax Rental Agreements, \$8.9 million. Principal decreases in expenditures in the same period were: Interest on the Public Debt, \$7.1 million; and Department of Veterans' Affairs, \$31.9 million.

Expenditures for December exceeded revenues by \$769,000, thereby reducing the budgetary surplus for the first nine months to \$299.1 million compared with \$609.8 million in the same period a year ago. As in previous years, expenditures in the closing months of the year are expected to exceed revenues by substantial amounts and thereby reduce correspondingly the surplus for the full year.

The budgetary surplus of \$299.1 million does not take into account certain loans, advances and investments made by the Government totalling \$22.8 million in December, and \$176.0 million in the first nine months of the fiscal year.

CIVIL AVIATION DISCUSSIONS: The Department of External Affairs announced on January 13, that the civil aviation discussions between representatives of the Governments of the United States and Canada which have been concluded were carried on in the traditional atmosphere of mutual confidence and cordiality which always exists between the two Governments. The consultations covered a wide field of questions relevant to the Bilateral Air Transport Agreement of June 4, 1949, between the United States and Canada, including the operations of Colonial Airlines between Canada and the United States and the contemplated operations of a Canadian carrier between the United States and Canada, as provided for under the terms of the Agreement.

Under the terms of the bilateral Air Transport Agreement of June 4, 1949, which was entered into by the two Governments with the object of insuring mutuality of benefit, a Canadian carrier is to be authorized to operate on the Montreal-New York route, which, under the terms of the Inter-governmental Agreement is to be flown by both United States and Canadian air lines.

As it is inequitable, having regard to the terms of the Air Transport Agreement of June 4, 1949, that a Canadian carrier should be denied the right to operate on the Montreal-New York

route while Colonial Airlines continues to do so pending a final adjudication in the courts of the United States of the validity of the Air Transport Agreement, the representatives of the United States have agreed that the United States will not designate a United States carrier to operate the direct New York-Toronto route, nor will the United States expect the Air Transport Board to licence a United States carrier on the trans-border route from Great Falls to Edmonton, until such time as the United States authorities are in a position to grant authority to a Canadian carrier to operate between Montreal and New York. These routes represent two of the new rights granted to the United States under the 1949 Air Transport Agreement.

In the meantime, successful efforts have been made to expedite the proceedings in the courts of the United States. On January 5, 1950, there was filed with the Supreme Court of the United States a motion urging that the decision of the lower court in favour of the United States Government become effective at once unless prompt action was taken by Colonial Airlines to prosecute an appeal to the Supreme Court of the United States. Agreement was reached by the interested parties to the appeal, which was approved by the Chief Justice of the United States Supreme Court, that the