



Bulletin

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BENSON BALANCES BUDGET

Finance Minister Edgar J. Benson presented to the House of Commons on June 4 a budget geared to "the number one priority in economic policy today to deploy all available forces - public and private - more aggressively than ever in the battle against inflation".

The following are its highlights:

The Federal Government hopes to meet and surpass the target of a balanced budget in 1969-70. A substantial surplus of \$390 million is now indicated before new budget proposals.

The change from a budget deficit of \$566 million in 1968-69 to the prospective large surplus this year represents a swing in the economic impact of the budget of almost \$1 billion, which is considerably more than one per cent of Canada's gross national product.

The surplus will combine with a monetary policy of restraint to provide a powerful check on inflationary forces, and to ease the strains in capital markets.

Because a full measure of restraint is essential, the fiscal brakes exerted by the present structure of income taxes are to be maintained. The existing surtaxes on personal income tax and corporation income tax applicable for years 1968 and 1969 will be extended until December 31, 1970.

Selective measures are proposed to contain price and cost increases, while taking into account uneven distribution of current economic expansion across Canada.

New tax and tariff measures will be generally offsetting in revenue effects resulting in, after book-keeping write-off of \$125 million federal share of

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Expo deficit, a reduced anticipated 1969-70 budget surplus to \$250 million.

The remaining three stages of Kennedy Round tariff reductions are to be effected immediately. This step is designed to increase price competition and resistance to increased costs.

Exemptions are liberalized on goods brought back by Canadian tourists from trips to United States and abroad.

Capital-cost allowances for tax purposes will be deferred for two years on new commercial buildings in major centres of Ontario, Alberta and British Columbia.

TAX ON AIRLINE TICKETS

Fees and charges levied by federal agencies and departments are to be reformed, including the imposition of a tax on airline tickets or on air carriers' charges, for passengers on domestic and international flights.

A national accounts surplus of about \$300 million is now indicated for the government sector as a whole in 1969, apart from flows under Canada and Quebec Pension Plans.

The net extra-budgetary requirements for the fiscal year 1969-70, apart from foreign exchange requirement, are forecast at \$650 million.