

Monetary Times

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of Canada

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CLOSING OF THE BUDGET DEBATE

EARLY on Thursday morning, June 19th, the vote in the House of Commons was taken on the budget speech, after a debate extending over a period of two weeks. The McMaster amendment, which was referred to in these columns last week, was defeated by 120 to 70 and the government had a similar majority on the vote on the budget itself.

Although interest in the debate lagged somewhat towards the end, the speech of Mr. W. S. Fielding brought a good attendance in the house. He referred to the reduction being made in the tariff by Sir Thomas White as a movement in the direction of reciprocity, on which issue the Conservative government had come into power in 1911. Some of the western members went together with T. A. Crerar, former minister of agriculture, to the cross benches, but most of them remained with the government.

Sir Thomas White, in his final remarks, replied to criticisms which had been made some days ago by W. C. Kennedy, Liberal member for North Essex, Ontario, regarding government financing. He maintained that the government had conscripted wealth by means of the business profits tax through which \$97,000,000 had been raised. This tax is being continued. Canada, he said, has emerged from the war with its finances in a healthy condition. The national debt is \$250 per capita, while that of New Zealand is \$900, and that of Australia over \$300. He defended tax free government bonds, explaining that it was necessary to make them attractive to the investor, because Anglo-French bonds at the time of the first war loan were selling on a 7 or 8 per cent. basis. Canada could not rely on a voluntary system of floating the loans as was done in the United States, so the cost was higher here.

Referring to high prices, he said this was the result of diminished production and increased consumption during the

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war. Combines may be prosecuted by the government, but individuals or groups of men who make money honestly confer a benefit on the country.

The underlying cause for the high cost of living, he said, is the fact that large numbers of men had been withdrawn from production to fight in Europe. The urgent demand for goods will result in continued high prices. The United States is extending millions of dollars of credit to European nations, and although the sooner private interests can attend to the financing the better, yet Canada had to do something in this way. It was too early yet for a complete tariff revision, and his budget represented a sincere attempt to keep stable the industries of this country at an unstable time, and at the same time make reasonable concessions to urgent demands. It was important, he said, that when the time came for tariff revision an effort should be made to try and get unity among the diverse interests in this country.

Regarding the exemption of the war loan bonds from taxation, the finance minister said that if this had not been done a higher yield would have been necessary. There was competition for money for investment and the amount lost by tax exemption would not be as great as the extra interest that would have had to be paid. Commissions paid for selling the loan had been fixed on a basis decided upon by a committee headed by Mr. Thomas Bradshaw, of Toronto, and this basis had been reached by considering the expenses of operation.

Income tax would now, he said, be about as high as in the United States. There was also to be considered the fact that in some places in Canada there were as many as three income taxes to be paid. Dominion, provincial and municipal. Too high a rate might check immigration to Canada. "The government has given consideration to the land tax," said the minister, "but has decided that it would not be expedient to introduce that. To impose a land tax on municipalities would be a serious matter. At any rate there would be but four millions or so collected."