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New Forms of Taxation Featured in Budget Speech

Excise Tax on Luxuries of Ten Per Cent. Imposed—Tax of One Per Cent. on Sales of Manufacturers, Wholesalers and Importers—Increased Scale of Income Tax.

Sir Henry Drayton, Dominion Minister of Finance, delivered his first budget speech on Tuesday, May 18th, which gives ample evidence that the government is determined to make income balance outgo. In fact Sir Henry said:

"The duty to-day is not only to carry on the government of the country without any additions to the debt, but, on the other hand, to promote measures which will reduce the nation's indebtedness."

Revenue for the fiscal year 1919-20 would reach approximately $388,000,000, the largest revenue Canada had ever collected. It was no less than $255,000,000 greater than that of the first year of the war. The chief sources of the revenue were: Customs, $169,000,000; excise, $43,000,000; post office, $22,000,000; business profits war tax, $44,000,000; income tax, $20,000,000; other war taxation, $17,000,000.

Consolidated fund ordinary expenditure for 1919-20 would be approximately $349 000,000. This included $108,500,000 interest on public debt, $26,000,000 for pensions and $49,000,000 for soldiers' re-establishment. For investment and capital outlays, beyond the ordinary current expenditure of $349,000,000, an expenditure of $187,856,991 was estimated. The resultant total of $536,741.110 represented the outlay of Canada for all purposes apart from war during the past year. With a total revenue of $388 000,000, and an ordinary expenditure of $349,000,000, it would be seen that during the fiscal year the government, after meeting all ordinary expenditure, including an increased amount for interest account and pensions over the previous year totalling nearly $39,000,000, had a surplus of approximately $39,000 000 over ordinary expenditure, to apply to capital expenditure.

Demobilization expenditure for 1919-20 would amount to $350,000 000, making a total outlay for the year of $886,741,110. Total expenditure for the war up to and including March 31. 1920, amounted to $1,674,000.000, apart altogether from such expenses resulting from the war, as pensions, soldiers' civil re-establishment, soldiers' land settlement and interest on war debt. During the year the country paid off a floating debt of $247,000,000 out of the proceeds of the Victory Loan issue of 1919. The short-date indebtedness for the year amounted to only $88,956,000. The addition to the debt during the year amounted to $395,000,000.

Main estimates for 1920-21 totalled $537,149,428 ($328,500,000 on ordinary account), and supplementary estimates for civil servants' bonus, $12,500,000. The question of main supplementary estimates was still standing. Revenue for the fiscal year 1920-21, estimated on the basis of existing fiscal legislation, and assuming that values of importations for customs purposes should practically remain the same as for 1919-20, should amount to $381,000,000.

Including the cash on hand and outstanding accounts, including balances due from Great Britain, made a whole total of $720.441,752.88. In all probability the whole of these accounts would not be collected within the year, and $571,000,000 would more accurately represent the actual cash resources for the year. No further loan ought to be made, Sir Henry added. In addition to the committments already mentioned, certain floating obligations matured this year, totalling $74,058,400. "The revenue of the year," declared the Minister, "should at least not only carry current expenditure but retire this debt."

Current expenditure, however, would be greater this year than that already indicated. Deficits on the railway system had been reported in the main estimates. These deficits, during the readjustment period, would be materially increased by the acquisition of the Grand Trunk. Some economies ought to be effected in the near future, but with the arbitration pending, it was improbable that full benefit of the Grand Trunk acquisition could be expected in the current year. It would be necessary to make advances to the company to cover past due operation obligations. These advances would constitute obligations of the company, and must be taken into account in the arbitration. In addition, advances of necessity would be made to provide for this year's operations. The approximate amount to cover advances for the purposes above mentioned was $28,000,000.