GOVERNMENT TAKES NEW AND VERY BOLD STEP

To Bridge the Gulf Between Expenditure and Visible Revenues, it Decides to Increase Taxes.

FALLS UPON THOSE ABLE TO BEAR THEM

Those Indulging in Luxuries and Extravagant Expenditures Will Carry Most of the Load.

(Continued from page 1.)

Two Courses Open

To bridge this gulf two courses were open to the Ministry: (1) More borrowing; (2) More taxation. Either taxes had to be increased, and substantially increased, or a new loan had to be floated. The former course was chosen. It was chosen because having regard to the already vast dimensions of the public debt, and to the effect which further borrowing must inevitably have upon our credit and currency, additional loans were out of the question. So that the problem narrowed down to the form which new taxation should take. A decision was not easy. It was not easy because criticism to the contrary notwithstanding, Canadian war taxation having regard to the economic position and general wealth of the country, had reached a considerable peak. Increased tariff rates, having regard to the pending inquiry respecting this branch of fiscal policy, were ruled out. Income taxation was already as high as exists in the United States. The business profits tax was as severe as prudence would permit, and special taxation on banks, loan companies and so forth, fairly adequate.

To surmount all such difficulties the Government has taken a bold, new step. Realizing that the curbing of extravagance and luxurious expenditure was nearly as vital as the necessity of revenue, it has proceeded to kill two birds with the one stone by bringing in a luxury or (as it is termed in England) an "Economy" tax, and so it proposes to levy upon luxuries and upon certain other articles, that only those of well-to-do means can purchase, excise taxes ranging from ten to fifty per cent; to levy a tax of one per cent on the sales of all manufacturers, wholesale dealers, jobbers and importers, (Meats foodstuffs, coal and other necessities of life being exempted); to increase the tax on bills of exchange and promissory notes; to advance the taxation of income by a tax of five per cent on the present tax now paid by all incomes in excess of $5,000 to substantially increase the excise tax on beers, wines and spirits; to heighten the excise tax on motor cars, and to introduce a new tax on stock transfers to the extent of two cents on each share transferred.

Merit In Plan

These new taxes have three supreme merits. They fall upon the shoulders of those best able to bear them; they discourage a reckless spirit of extravagance; and by checking expenditure upon luxuries, they incidentally tend to help adjust our adverse balance of trade, for which importation of luxuries is largely responsible. But, if they represented nothing else than the principle that taxation ought to be paid by wealth and prosperity, they would even then be greatly worth while. For the man or woman who, in these days, is in a position to purchase luxuries, thereby supplies prima facie evidence of capacity to pay more to the State.

Some of the old taxes have been reduced or abolished. The business profits tax, which appeared to please nobody, but which nevertheless netted $40,000,000 last year, has been substantially reduced; the tax on moving picture films has been wisely left to the provinces; and the general war duties' tax of 7 1-2 per cent, has been entirely abolished. The net result is that, whereas loss of this taxation is expected to cut $30,000,000 off the revenue, the new taxes are expected to bring all the way from $90,000,000 to $110,000,000, making a net gain to the Treasury of at least $75,000,000.

Therefore, going back to expenditure, the new taxes ought to result in the Government being in a position during the coming year to meet all its ordinary expenditure, to retire outstanding loans to the extent of $74,000,000, and also to take care of practically all of its capital expenditure and its railway deficits without having to borrow at all.

Fine Achievement.

This, taken all in all, must be regarded as a first rate achievement. It is all the finer, too, and all the more encouraging, when studied in conjunction with certain salient financial facts which the minister had to present. For the past few months we have had it drummed into our ears, by ignorant or partisan critics, that our financial situation was hopeless; that our currency was absurdly inflated; that our note circulation was out of all proportion to the gold by which it is backed. But Sir Henry Drayton was able to show that, since the war, Canadian note circulation has increased by only 108 per cent., as against 207 per cent. for Great Britain; and that the percentage of gold reserve to Dominion and bank note circulation is greater than is required by the Federal Reserve Bank legislation of the United States, being 43 per cent., as against 26 per cent. for Great Britain, and 55 per cent. for the United States. Thus, having regard to all the circumstances, bearing in mind that during the war Canada not only financed herself, but also extended credits to other countries, the situation is one not for pessimism but for pride.

The only fly on the ointment, perhaps, is the size of the national debt. People are in the habit of referring to the net debt as the real debt, and of assuming that the gross debt, against which national assets are paved, is of little account. Thus, our gross debt stands at $3,014,483,774 and the net debt at $1,935,946,483. But Sir Henry Drayton showed today that much of the gross debt should actually be added to the net debt, giving the perfect sound reason that some of the investments which are set up as assets cannot be regarded as such; and so by substracting assets, which are not readily convertable, or are not interest producing, or are inactive, he placed the net debt to the colossal amount of $2,273,305,435.

It is well that this matter should be made clear. Nothing can possibly be gained by closing our eyes to disagreeable facts, and the best beginning that can be made toward reducing the burdens under which the country labors at present is by finding out exactly the task that is before us so that we can measure what is required to overcome it.

Tariff Question.

We have left, until the last, what was in many ways the most momentous announcement which the finance minister had to make; his statement in regard to the tariff. Briefly, it is that the Government adhers to the principle of the old N. P., and that whatever tariff policy is devised during the recess will have regard to the protection of Canadian industry and the development of Canadian resources. Protection for protections sake, or for the sake of the cash register of the profiteer, will not be tolerated, but, on the other hand, the country will not be delivered into the hands of a doctrine which once put into effect, could have no other result than disaster for the great industrial fabric which forty years of Canadian enterprise and the National Policy have builded.

WALK THE STREETS BOLDLY IN DAYTIME

But Have to Go Into Hiding at Night—Police Do Not Make Arrests Because of Crowds Which Gather.

Dublin, May 18.—Scores of men in this city are "on the run" which, in the parlance of the land, means that the police or military holds warrants for their arrest, yet they go about the streets unmolested by policemen.

Sinn Feiners here, and incidentally few men will admit they are members of that organization, say that the police are afraid to arrest one of their members on the street because a crowd collects, often shots are fired and usually the prisoner is rescued. It is at night and at home that they are in danger of arrest. The police do not admit they are afraid to make an arrest in public, but say they dislike to create a scene where many people may gather quickly.

One of the "runners" confided some of his troubles to a newspaper man. He is 38 years of age, has a wife and children and has served several terms as a political prisoner. He said: "My wife and the kiddies are getting rather tired of the suspense of not knowing whether I am coming home or going to jail. I have four places where I sleep. It is only at infrequent and irregular intervals that I go home and then never to sleep in a bed. I roll up in a blanket on a couch or floor partly dressed. If they come for me, which they have several times, I get out of the house and they find no evidences that I have been there. I do not have to lay out along a hedge or hide behind a tree as long as I might if they knew I had been there and instigated a thorough search.

"This is only an outline of the sort of life many of us are leading these days. We all follow about the same system in which much is left to chance, but it really has kept many of us out of jail for intervals at least."

This informant said nothing would suit him but an Irish republic, and he would fight for it as long as he lived.

The S.S. Gielhead sails from Portland, Me., today for this port and will dock at No. 5 berth. Pilot McKelvie went to Portland to bring the ship here. She will load flour for a Mediterrean port.

The S.S. Halacius has finished loading and will sail today for a South American port.

SPA THREAT SEEN AS NEW GERMAN TRICK

Berlin, Posing as Bargainer, Makes Well Timed Statement on Frankfort.

PREMIERS AT A MEETING

Millerand and Lloyd George Likely to Reach Agreement on Amount of Indemnity.

Hythe, England, May 17.—Reports from Berlin that the German Government had decided not to attend the Spa conference until the evacuation of Frankfort by the French are regarded here as a typical German trick on the part of Chancellor Mueller. As the meeting of Premiers Lloyd George and Millerand will definitely settle the future industrial and economical life of Germany, officials here read in the Berlin reports only another manoeuvre by the Mueller Cabinet to make the German position at Spa appear to be that of a bargainer. In this connection it was declared here that the German Cabinet did not make its threat until it knew that the Entente Allies would not be ready to meet at Spa on the date originally set.

Also it was authoritatively stated that the French were quietly reducing the size of their force in Frankfort and that the German reports of the Mueller demand for the French evacuation of that city were regarded as nothing more than an effort by Berlin to steal the credit for a fait accompli in which they had no part.

It was insisted here that the postponement of the Spa conference will be entirely at the volition of the Allies and that the German plenipotentiaries will not be allowed to go there in any other capacity than to receive the allied terms. Indeed, if the German manoeuvres in this connection has had any effect whatever it has been to strengthen the determination of Premiers Millerand and Lloyd George to go to Spa with a united purpose.

Premiers Met Cordially.

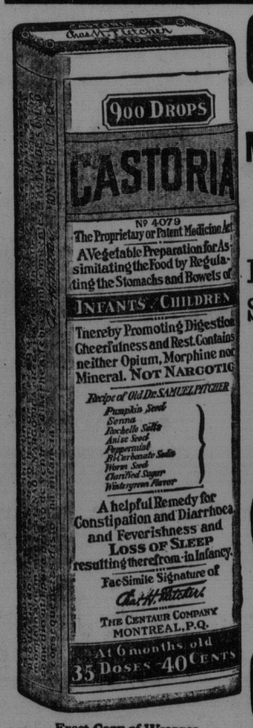
The meeting the other afternoon of Premiers Lloyd George and Millerand in this pretty village, five miles from Folkstone, was marked by the utmost cordiality between them. M. Millerand was enthusiastically cheered by the inhabitants of Folkstone as he passed through the decorated streets and by the crowd that had gathered in front of the gates of the villa where the two Premiers are staying. Premier Lloyd George is accompanied by Austen Chamberlain, Chancellor of the Exchequer, and Premier Millerand by Frederic Francois-Marshal, Minister of France.

Reports already say that Premier Millerand and Premier Lloyd George differ greatly over the amount of indemnities to be demanded of Germany and which this meeting was designed to reconcile. The French Premier, it was said, would demand a total indemnity of £10,000,000,000, which it was added, the British Premier believed that Germany cannot pay mor than £5,000,000,000, at least on present indications, although this amount may be increased somewhat if Germany later shows more prosperity and greater ability to pay.

Russia Will Be Discussed.

The importance of the financial questions before the Premiers has crowded most of the other problems off the programme of this conference. Russia, it was said, is among the subjects that will not be taken up by them.

It has been decided to discuss the Russian imbroglio, in view of the new situation created by the success of the Polish-Ukrainian offensive against the Bolsheviki, but owing to the fact that still further developments are expected there soon, it was decided to postpone further consideration of Russia and to try to settle the complicated financial problems.



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Following are mentioned only a few items selected from hundreds equally as good.

Voile Blouses, $2.65

Different styles and many different designs are represented. These should not last long as the price quoted is less than is being asked by the makers today.

Many other Voile Blouses at various prices, all interestingly reduced.

Bungalow House Dresses Specially Priced $1.75

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House Dresses in great variety. You are sure to find here just the ones you want at prices that are irresistible.

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Regular Values up to $5.25

Navy, Brown, Black, Green, Rose, Copen. Made with deep flounce, narrow ruffles, drawstring at waist.

Lingerie

White Cotton Nightgowns—Kimono sleeves, lace trim. **Special Price, $1.29**

White Cotton Drawers Special Prices, 98c., 65c.

Fine Nainsook Corset Covers, Special Prices, 59c., 45c.

Children's White Cotton Bloomers, Specially Priced, 59c.

Undervests of White Balbriggan, Kumfy cut, **Specially Priced, 98c.**

Combinations — Cotton knit, sleeveless, knee length, **Specially Priced, $1.25**

Prepare for the 24th—Our First Summer National Holiday.

MIDDIES $1.50

Pullover Style—White with red collar and cuffs or with navy collar and cuffs.

$1.75—Plain White—White with navy collar and cuffs, trimmed with white braid.

White with navy gabardine collar and cuffs, white braid trim ..... **Specially Priced $2.65**

Middies for Children—Sizes 6 to 14 years, white with cadet blue attached collar and cuffs, white braid trim ..... **Specially Priced, $1.98**

Many other Middies for women and children, all at radical reductions.

SWEATERS

Silk Coat Sweaters in many different plain colors, with belt and pockets of contrasting shades, **Specially Priced, $13.98**

Wool Sweaters—Pullover style, various shades, **Specially Priced, $5.98**

Many other sweaters, at various reduced prices, for sport wear.

Raincoats, $8.95

Regular Value, $14.00

Fawn Colored Gabardine Coats with deep side pockets, strap on sleeves, snug fitting collar. A wonderful bargain for a rainy day coat.

Many other lines of raincoats at drastic reductions.

Tweed Coats—A large assortment at truly economical prices for your selection.

Waterproofs

In Grey, Brown and Fancy Mixed Tweed effects. Regular $16.50 to $18.00. **Now $13.45**

Whipcord Driving Coats, rubber interlining. Regular $12.00. Now **$7.98**

Other **Raincoats** from $18 to $30, all radically reduced.

Overalls and Odd Trousers

White **Overalls** for Painters, now ..... **49c.**

$8.50 Dark Grey Working Trousers, now **$6.45**

All-Wool Bannockburn Trousers, now **$6.56**

Heavy Tweed Working Trousers, now **$5.69**

Striped Worsted and Fancy Mixed Tweeds, **Specially Priced, $3.30, $3.94, $4.38, $5.15, $6.12**

Boys' Suits, $10.89

A wonderful opportunity to fit out the boy at a real saving. Sizes 25 to 35.

Back Home Price, $10.89

Boys' Two Bloomer Suits $17.85

New belter styles, breast pocket and side slash pockets, bloomers lined throughout, four pockets, governor fasteners. A wonderful opportunity for this quality with two pair of bloomers. Sizes 8 to 17 years.

Back Home Price, $17.85

Men's Suits $28.65

Regular $35 Values.

Excellent quality suits in the standard and new styles that are a real bargain at this price.

$25 Suit for **$21.60**
$30 Suits for **$23.98**
$40 Suits for **$34.85**
$50 Suits for **$42.90**
$60 Suits for **$53.35**

Topcoats

Spring and Fall Weight Overcoats, in Chesterfield, Slip-on, Belter and Waistline style, Plain Greys and Fancy Mixed Tweed effects.

$30 Topcoats now **$22.65**
$35 Topcoats now **$26.98**
$40 Topcoats now **$28.65**

And many others too.

Men's Shirts

Regular $2.50 and $3.00, **Back Home Price, $1.98**

Regular $3.50 Shirts, **Back Home Price, $2.89**

Flannel Shirts, Military Khaki, two separate collars. $4.50 value, **Back Home Price, $2.48**

Chambray—Black and White Stripe. Regular $2.50, **Back Home Price, $1.89**

Men's Hosiery

Black Cashmere, triple heel and toe. Regular 85c., **Back Home Price, 69c.**

Monito Lisle Hose—Many shades. Regular 75c., **Back Home Price, 49c.**

Heavy Grey Working Sox. Regular 60c., **Back Home Price, 43c.**

Men's Furnishings — Underwear, Neckwear, Braces, Gloves, Handkerchiefs, etc., all at drastic reductions.

Separate Pants

Grey, brown and mixed tweeds, bloomer style. Sizes 24 to 35. Regular $4.00, **Back Home Price, $2.48**

Boys' Khaki Drill Bloomers, **Back Home Price, $1.75**

Boys' Blouses

Made of striped percales, chambrays and English prints. Sizes 6 to 14 years. Very special values ... **Back Home Price, 75c**

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