

ALL CLASSES

(Continued from page 1)

of their income if Germany and Italy should conquer the British Empire. It is not clear that the money and material things...

If Germany Won

He let the figures speak for themselves in outlining the magnitude of Canada's war effort...

Canadians were at their best in days of that a farmer had sown a crop of wheat...

Britain is giving her blood, her treasure, her all, said Col. Ralston. "We proudly share her courage...

Comparison With Last Year

The huge deficit anticipated for the fiscal year 1940-41 follows upon a deficit of \$118,000,000 for the last fiscal year...

Based on present taxes he estimated revenue for 1940-41 at \$550,000,000 while the new taxes would...

Further war commitments in sight already, however, would run to between \$150,000,000 and \$200,000,000 and they would not be all.

Over-All Deficit "This means," he said, "that in spite of the very heavy increases in taxes which I have proposed, it is not safe to count on an overall deficit of less than \$50,000,000 to \$60,000,000."

Expenditures totalled \$681,000,000. As war expenditures amounting to \$118,000,000 in the present year for that item might have been balanced.

Economic Necessary The war period would call for economies on the part of all governments. Col. Ralston said.

Governmental economies, however, usually meant reductions in staff. The Dominion Government was able to absorb any employees dismissed through curtailment of non-war activities in the expanding war departments and agencies.

Of the new taxes the excess profits tax, 75 per cent of profits earned above an estimated pre-war standard, is expected to yield most, \$100,000,000 in a full year.

Tax Changes The personal income tax increases are expected to bring in \$58,000,000 in a full year, the national defence tax, \$35,000,000, and war exchange tax on imports, \$65,000,000 and the taxes on tobacco products \$15,500,000.

War Exchange Tax First, it is proposed that a war exchange tax of 10 per cent, shall be imposed on the value for duty

purposes of all imports, free and dutiable, from non-empire countries. The tax will be subject to drawback for export as in the case of customs duties.

Such cases if they are established to be desirable under existing machinery relating to the remission of taxes. They will, it is safe to predict, be very few because the...

Though the purpose of this tax is primarily to conserve exchange, it is estimated that it will be productive of a net revenue of \$100,000,000.

The other exchange measure relates to automobiles, both imported and domestic. It is proposed that the tax on the purchase of automobiles be increased from 5 per cent to 10 per cent.

It is this class of automobile which accounts for the major part of our imports of finished cars, and in so far as they are produced in Canada, they require the importation of parts and materials in higher proportion than the cars imported from other countries.

On the value up to \$700-10 per cent; on the excess over \$700 and up to \$900, 15 per cent; on the excess over \$900 and up to \$1,200, 20 per cent; on the excess over \$1,200, 25 per cent.

Will Cut Car Production While not at the moment cutting off production of passenger cars, this tax will, it is believed, tend to the demand and tend to keep it in balance with power production.

Here again, then the primary purpose of the tax is to conserve exchange and to release productive capacity for war purposes without dislocation of industry. Revenue is only incidental to the main objective.

Turning now to the forecast of our revenue, our estimate is that, assuming a continuation of present trends and no serious interruption of our export trade, our total revenues for the present fiscal year on the basis of our existing tax structure would amount to approximately \$850,000,000. This estimate is set out as follows:

Table with 2 columns: Tax Revenue, Amount. Includes Excise duties, Sales tax, Other excise taxes, Excess profits tax, Bank note circulation and insurance company taxes, Total tax revenue, Non tax revenue, Total ordinary revenue.

Probable Deficit Estimate Our ordinary expenditures and the amount already authorized by Parliament for war purposes total, I have said, \$1,148,000,000. We are faced, therefore, with a probable deficit, on the basis of our present tax structure, of at least \$298,000,000 plus an indeterminate amount which may easily bring the deficit up to \$700,000,000.

First, what part of this probable deficit is to be met by taxation, and what part by borrowing? The second question which has to be answered is: How can the budgetary policy of the government help to conserve foreign exchange?

To answer the second question I now outline the fiscal measures promoting the conservation of foreign exchange. There will be two measures submitted with definite purpose in view.

War Exchange Tax First, it is proposed that a war exchange tax of 10 per cent, shall be imposed on the value for duty

of all other companies, pay in excess of \$500,000. The second consideration is the tax on unincorporated businesses. The same result is achieved in the case of unincorporated businesses...

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Exploratory Development These industries also require the risking, and very often the losing, of large amounts of capital in exploratory development work before production commences.

Individual Taxation Coming now to the second revenue measure applicable to individuals, it is proposed that the graduated income tax be replaced by a national defence tax at a flat rate applicable to all incomes above \$500 for single persons and \$750 for married persons.

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Unexpected Death Today Of Mrs. Mitchell

A wide circle of friends will be shocked to learn of the death of Mrs. Charles J. Mitchell, Saint John, N. B., early today.

Mrs. Mitchell, a highly respected resident of this city, had undergone an operation recently and her condition was believed good until shortly before her death.

The war exchange tax is peculiar in this type of measure. It is a tax on the value of the goods, but the tax is levied on the sale of the goods, not on the production of the goods.

Excess Profits Tax I now come to the measures designed primarily for revenue. The first one is a new excess profits tax. At the brief session of last September, Parliament enacted a measure of this type.

Two Considerations In establishing the new rates, we have to take into account two considerations. It would be possible, if it were practicable and possible, to pay the stupendous costs of higher brackets to produce more than a small fraction of the necessary revenue.

Better Death Than Slavery NEW YORK, June 23 (AP)—Herm Jaspard, Belgian cabinet minister, said tonight a London radio address picked up here that the refugee Belgian government would not abandon the fight against Germany.

Private R. J. Creighton of Bancroft (left), a member of the Hastings and Prince Edward regiment is believed to have been taken to a motorcycle accident in France where he is in hospital as the result of a motorcycle accident.

Known For Fists He's Beautician NEW ORLEANS, La. June 23 (CP)—The sign above the door says "Hortense Beauty Shoppe" and you'd scarcely expect to find a top-notch prize-fighter inside a genteel clamour gadget onto a girl's treasures.

For U.S.: World's Greatest Navy? Now in Service 15 ships 164,300 tons. With Additions, Now Building or Proposed 35-1,353,300 tons.

Now in Service 5 ships 120,000 tons. With Additions, Now Building or Proposed 16-422,000 tons.

Now in Service 3 ships 308,975 tons. With Additions, Now Building or Proposed 82-958,975 tons.

Now in Service 215 ships 275,000 tons. With Additions, Now Building or Proposed 419-685,850 tons.

Now in Service 95 ships 91,875 tons. With Additions, Now Building or Proposed 182-349,875 tons.

TOTALS: In Service, 369 ships; 1,260,150 tons. With Additions, 734 ships; 3,670,000 tons.

Defence of U. S. shores with the greatest navy in world history, larger than any two foreign fleets now afloat, becomes a possibility as Congress considers a \$1,000,000,000 appropriation to add 200 vessels to the present building or authorized list of 165 ships.

Rotary President

DR. BEATH MacINTYRE who succeeded Mr. A. R. Cooper as President of the Charlottetown Rotary Club.

Gains Shown By Trans-Canada Lines MONTREAL, Que., June 22—Passenger, mail and express traffic of the Trans-Canada Air Lines in May all showed substantial increases over April, according to monthly figures given out today.

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ANNOUNCEMENT

Eyes Examined, Glasses Fitted Hours 9 to 12-1:30 to 5:30 Evening Appointments Office connected with Jewellery Store in new location corner of Kent and Queen Streets.

New Phase Of Empire War Effort Skilled Labour To Be Absorbed LONDON, June 23 (CP Cable) The Daily Telegraph in an editorial today said that a new phase of the Empire's war effort was marked by the disembarkation of two units of the Royal Canadian Air Force, complete with machines and equipment, when they arrived with the further contingent of Canadian troops in Britain this week.

EVERYBODY HAPPY CAPE TOWN.—(AP)—Mandating in court between two sailors, a farmer and an hotelier ended a dispute that started in a sentence was suspended six months, subject to good behaviour.

WHAT A MINK COAT MAY COVER She: I won that \$1,000 prize for the best article against cruel traps to catch wild animals. He: And what will you do with the money? She: Buy a mink coat.

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