

well as to conserve productive capacity for war equipment in Canadian plants. These new taxes and tax increases were estimated to yield approximately \$280,000,000 in a year.

Legislation of Dec. 2, 1940.—On Dec. 2, 1940, the Minister of Finance, introduced a measure known as the War Exchange Conservation Act which prohibited the importation of a long list of non-essential imports from non-sterling countries and provided for the gradual reduction of another list of imports from the same countries. Provision was also made in this measure for the reduction of the tariff duties on a schedule of items imported under the British Preferential Tariff, the general purpose of the measure being to discourage the importation of goods from hard currency countries and to encourage trade with sterling-area countries. On the same date amendments to the Special War Revenue Act were also introduced providing for increased rates of taxation on passenger automobiles and on cameras' phonographs, radio broadcast receiving sets and tubes and for new taxes on electrical and gas appliances, including stoves, refrigerators, lighting fixtures, etc., and on coin- or disc-operated slot machines and vending machines.

A statement at pp. 811-817 of the 1937 Year Book gives complete details of the Dominion tax system as of July, 1936, and statements at pp. 836-837 of the 1938 edition give changes made in the sales tax and in the special excise tax on importations since the inception of these taxes in 1920 and 1931, respectively.

Subsection 1.—The Current Balance Sheet of the Dominion

The details of the various assets and liabilities are contained in the schedules accompanying the balance sheet and printed in the "Public Accounts".

It should be noted that under the heading "Non-Active Assets", p. 746, the revision of the capital structure of the Canadian National Railways in 1938 resulted in the elimination of all loans made in previous years to the Canadian National Railways to cover deficits and the setting up of the new accounts shown for 1938, 1939 and 1940. These latter represent the Government's present equity in the Railways (see p. 549 for further details). There is, therefore, no comparability between the 1938, 1939 and 1940 figures and those for previous years as regards these items.

In the "Public Accounts" for the fiscal year ended Mar. 31, 1939, certain minor changes were made in the form of presentation of the balance sheet. On the liability side a new heading was set up entitled "Floating Debt", under which was shown funded debt matured and outstanding, interest due and outstanding, stock payable on demand and outstanding cheques. Sinking funds, formerly carried as a deduction from the funded debt, are now carried as an asset. In former years the net liability of the Dominion in respect of provincial debt accounts was shown on the liability side of the balance sheet. In the balance sheet for Mar. 31, 1939, the gross liability is shown on the liability side and the deductions applicable thereto as an asset. However, to preserve the continuity of the following five-year table, these changes have not been made and the figures for 1939 and 1940 are shown on the basis followed in previous years.