

After deducting an estimated \$115,000,000 for personal income taxes refundable after the War, and \$40,000,000 for refundable excess profits taxes, revenues were estimated at \$2,700,700,000, comprising:—

	<i>Million Dollars</i>
Customs and excise revenue.....	948·6
Personal income tax.....	698·4
Corporate income and excess profits taxes.....	740·1
Other tax revenue.....	49·7
	2,436·8
Other ordinary revenue.....	139·9
	2,576·7
Total, Ordinary Revenue.....	2,576·7
Special Receipts and Credits.....	124·0
	2,700·7
Grand Total Revenue.....	2,700·7

Thus the deficit for 1943-44 was estimated at \$2,659,400,000. However, governmental activities require numerous outlays other than those that may properly be described as expenditures; there are many loans and advances for war and other purposes which will be repaid eventually, and so are not expenditure in the accounting sense, but which require to be financed nevertheless. These outlays are offset to some extent by receipts in certain funds held by the Government as a trustee, but the net effect of all these transactions is that cash receipts (other than from borrowing) for 1943-44 were estimated to be \$2,935,100,000 less than cash requirements. This "cash deficiency" was met in part by a reduction in cash balances, but principally by borrowing. The two main loan flotations were the Fourth Victory Loan, which yielded \$1,308,700,000, and the Fifth Victory Loan, yielding \$1,375,000,000 in cash and \$195,600,000 from the conversion of previous issues.\*

In presenting the Budget for 1944-45, the Minister of Finance indicated that expenditures were likely to exceed the total of \$5,152,000,000 already requested of Parliament, because of the intensification of military operations overseas. He pointed out that there would be substantial requirements for cash outlays in addition to expenditures, probably making total cash requirements for the year of \$6,000,000,000 or more. He estimated revenues would amount to approximately \$2,617,000,000, and that total borrowings for the year would have to exceed \$3,200,000,000.

Reliance is to be placed upon a further expansion of voluntary savings, particularly on the part of individuals, to obtain these funds. The Minister proposed that the compulsory savings introduced in 1942 should be discontinued as from July 1, 1944, because it was being commonly regarded as a tax and was a barrier to production. Special tax measures relating to business were proposed to encourage the preparation for post-war expansion. The Customs duties and the War Exchange Tax on agricultural implements were removed. The prohibitions or restrictions imposed on imports under the War Exchange Conservation Act were all removed as well.

*War-time Control of Foreign Exchange.*—Restrictions on the use of foreign exchange have continued without material change from the situation described on pp. xxxiii and xxxiv of the 1942 Year Book. As a result of the measures there described, however, the extreme stringency of the earlier period has been relieved somewhat, as outlined to Parliament by the Minister of Finance on May 18, 1944, when announcing some moderation of the limitations on the use of United States funds for travelling in that country.

\*The Sixth Victory Loan, with an objective of \$1,200,000,000, was launched in May, 1944, and was quickly over-subscribed. By the end of the drive on May 20, the amount subscribed exceeded by nearly \$25,000,000 the amount subscribed at the corresponding period of the Fifth Loan drive. The number of individual subscribers was also greater. On July 6, the Minister of Finance announced in the House of Commons that total sales in the Sixth Victory Loan campaign amounted to \$1,407,547,650.