

Consolidated Debt.—The term “Consolidated” has been substituted for “Combined”, where applicable, because it is considered more appropriate in view of the elimination of inter-governmental debt. Table 5 gives details of combined debt of all governments for 1954 and 1955 with the aggregate debt of the federal, provincial and municipal governments; the inter-governmental debt is deducted to arrive at a consolidated government figure. This table was prepared according to the classifications and concepts that have been the subject of discussions and agreements at federal-provincial conferences on provincial and municipal finance statistics, so that some items are not strictly comparable with corresponding items given in previous editions of the Canada Year Book.

Section 2.—Federal Public Finance

A sketch of public finance from the French régime to the outbreak of World War I appears in the 1941 Year Book, pp. 742-743. Detailed sketches *re* tax changes from 1914 to 1938 will be found in issues of the Year Book beginning with the 1926 edition. An outline of the financing of Canada's war effort, including the more important changes in taxation during the war years from 1939 to 1945, is given in the 1945 Year Book, pp. 918-923. The postwar financial policy of the Government of Canada is outlined in the 1954 Year Book at pp. 1061-1064 and tax changes proposed in the 1954-55 and 1955-56 Budgets in the 1955 and 1956 editions, pp. 1130 and 1051, respectively.

The 1956-57 Budget.—The Budget for 1956-57 was presented to Parliament on Mar. 20, 1956. It made no significant changes in tax rates. A special excise tax of 20 p.c. on advertising revenues of Canadian editions of foreign magazines was introduced to take effect Jan. 1, 1957.

The 1957-58 Budget.—The Budget for 1957-58 was brought down on Mar. 14, 1957. It did not change rates of personal income tax, but provided for extension of the privilege of tax postponement on earned income to persons additional to those in employer-employee pension plans through deduction, up to certain limits, of the purchase price of approved annuities. Provision was made for any taxpayer to claim a “standard deduction” of one hundred dollars per year without submission of receipts for charitable donations, medical bills, union dues and professional membership dues, and there were other small changes in exemption provisions. A number of commodities were relieved of sales tax, including tea and coffee, and the last three of special excise taxes imposed at the time of the Korean war were removed from candy, soft drinks and motorcycles. Some small changes in excise tax were effected.

On Dec. 6, 1957, the Minister of Finance announced in Parliament that legislation would be introduced to implement changes in taxation, including: the raising from \$20,000 to \$25,000 the profit figure below which the corporation income tax rate of 20 p.c. would apply; the increase of personal income tax exemptions from \$150 to \$250 for children of family allowance age, and from \$400 to \$500 for others, with reduction of the rate of personal income tax in the two lowest taxable brackets to 11 p.c. and 14 p.c. from 13 p.c. and 15 p.c.; reduction of the excise tax on automobiles from 10 p.c. to 7.5 p.c.

Subsection 1.—Balance Sheets of the Federal Government

Table 6 shows the balance sheets of the Federal Government as at Mar. 31, 1955-57. The figures of this table are on a basis not strictly comparable to those in previous Year Books.