In the actual business world, B, C and the other intermediaries would add additional value to the article by some further process of manufacture. On the same assumptions as before that each intermediary adds 10% to the purchase price before re-selling, the fact that B adds to the value of the material purchased from A by some further process can be shown as another column of figures starting at B. The value produced by A is embodied in the same article B sells, but B's additional contribution can be conceived as separate for our purpose of studying the tax incidence and its yield. In the same way other columns of figures could be constructed side by side to represent the additional values contributed by all the other intermediaries, the main result being that on all parts of the value added subsequently to A, the turnover is less than seven and the advantage of the sales tax over the turnover tax (from the point of view of yield) on these portions of the value is manifest.

But, if we accept the statement — which I have no means of checking — that the number of turnovers on Canadian products is on the average not more than seven, and if, to take the most favourable case for the turnover tax, we suppose the average number of turnovers to be seven, then our one column as given can be taken as sufficient in itself, for what is lost by the turnover in some values being less than seven is compensated for by the turnover on other values being more.

In so far as the burden of the tax is not shifted, the ultimate selling price is less and both taxes yield proportionately less. I do not know that it is possible to prove that the incidence of the sales tax can be shifted back more easily than the turnover tax can be shifted forward, and in the absence of proof, it is a reasonable assumption that the incidence of the tax would work out in a similar way, so that for purposes of comparison, we can assume, as in the figures given, that the incidence is shifted to the ultimate consumer, as indeed the intention is said to be.

With regard to the amount added — which the figures take as 10% — by each intermediary to the selling price, — the higher this is on the average the greater the advantage (or less the disadvantage) of a sales tax over a turnover tax. If 10% is considered too high to represent the actual average, to the extent it is reduced, the more favourable (or less unfavourable) the turnover tax appears.