

How the New Taxes Affect the Treasury's Position

According to the Writer, Estimate of Total Borrowing Requirements May Be Reduced, Revenue May Be Changed Considerably.

By H. M. P. ECKARDT.

Taking the unrevised figures as published in the Canada Gazette, the total revenue of the Dominion Government for the fiscal year ended March 31st, 1916, was \$171,248,668—the expenditure on ordinary account being \$107,730,367, and that on war and capital account being \$168,800,151. It is to be remembered that the entries in suspense belonging to the fiscal year just ended will, when passed through the books, serve to materially swell the figures of the expenditure accounts. In his budget speech, Sir Thomas White estimated that, when all entries were in, the expenditure on capital account would be \$40,000,000, and that on ordinary account \$125,000,000. The war expenditure as at March 31st, 1916, stood at \$134,650,000; and possibly the closing entries yet to go through will bring the total to \$145,000,000, or perhaps more. To be on the safe side let us put it at \$150,000,000.

Revenue from Taxation and Borrowing.

That the revenue will be several million dollars in excess of the \$170,000,000 estimated by the Finance Minister is indicated by the Department's statement just published. The closing entries yet to go through will probably bring the total close to the \$175,000,000 mark. Taking it at that, we get the following result. Canada's total outgo—ordinary, capital, and war—in the last fiscal year amounted to \$315,000,000. Of this amount \$175,000,000 were procured through taxation, direct and indirect, leaving \$140,000,000 to be borrowed. In other words, taxation provided 55½ per cent of the amount required, and borrowings accounted for 44½ per cent. That is a satisfactory showing, and the knowledge that the Government is taxing freely to meet the rising expenditure counts importantly in sustaining Canadian credit in the American market.

On examining the financial statement of the Department as at March 31st, 1916, and March 31st, 1915, it will be seen that during the year the funded debt payable in Canada increased \$90,000,000; the funded debt payable in England increased \$28,000,000; and the temporary loans, \$106,000,000. This makes a total of \$224,000,000 new borrowings, or \$84,000,000 more than the amount shown above as required for our own operations. This is accounted for, in part, by the loans to England in connection with the munition contracts, and also by the fact that our Government, at the end of the fiscal year, had funds in hand, proceeds of recent loans available for expenditures to be made in the fiscal year 1916-1917. For the money which the Dominion Government borrows for the purpose of lending to the British Government, we receive gilt-edged assets which can be converted in due course. Actually the same applies to certain of the capital expenditures, but for present purposes the latter will be ignored, as some of the property or assets so acquired have merely a problematical value.

The Increased Customs Duties.

The customs revenue in March, 1916, gave us indication of a falling off. Total customs receipts for the month were \$9,978,000—a higher figure than for any month subsequent to May, 1913. From the standpoint of the national treasury it is a matter of considerable consequence that the customs revenue continue to show up with satisfactory increases. Sir Thomas White stated, on February 15th, that of the \$82,000,000 customs receipts up to February 10th, about \$19,000,000 represented the new increased duties. On that basis the revenue consisted of about 77 per cent collected under the old duties, and 23 per cent under the new duties. Applying this ratio to the total collections for the fiscal year the customs revenue for the year if duties had not been raised would have been about \$75,000,000, instead of the \$98,000,000 actually shown. However, this statement should be qualified, as probably the increase of 7½ per cent in the general tariff would cause a reduction in the duties collected on certain items which could not be imported at a profit under the higher rate.

Capital, War and Ordinary Expenditure.

In round figures the Minister placed the estimat-

ed total outgo for 1916-1917 at \$415,000,000—an increase of \$100,000,000 as compared with the year just closed. The increase is practically all accounted for by the growing expenditure on the war. The items making up the aggregate are:

	1916-17.	1915-16.
Ordinary Account	\$135,000,000	\$125,000,000
Capital	30,000,000	40,000,000
War	250,000,000	150,000,000
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	\$415,000,000	\$315,000,000

There are so many uncertainties in connection with the revenue as to make it difficult to estimate with any confidence. However, the Minister, for the sake of getting a basis, estimated the revenue at \$170,000,000, the same as last year. This would leave \$245,000,000 to be borrowed—as he explained it \$30,000,000 to be borrowed for the capital expenditures, if necessary, and \$215,000,000 for war. This brings down the percentage of our outgo raised by way of taxation from 55½ to 41; while the percentage borrowed rises from 44½ to 59. It is quite possible that when the actual figures are in, it will be found that the total revenue for 1916-1917 will amount to considerably more than \$170,000,000. In fact, to place the total revenue at that figure is to imply that there will be a decrease of from \$20,000,000 to \$30,000,000 in the revenues for the current year, apart from the new tax on excess profits. It has been estimated that this new tax may bring in something like \$25,000,000; if it does so, and the total revenue for the year (including this) is only \$170,000,000, that would mean a shrinkage of \$25,000,000 in the other revenue. No doubt the Finance Minister feels obliged to estimate very conservatively, and we all agree that it is his duty to do so; but at the same time we may permit ourselves to hope that the customs and other ordinary revenue will run this year on about the same level as in 1915-1916, or perhaps a little higher. As justifying these hopes or expectations one might mention that customs collections for February, 1916, were \$8,979,000, as against \$6,805,000 in 1915; and March, 1916, \$9,978,000, as against \$7,066,000 in 1915. Also the collections in April, May, June and July last year were comparatively small—viz.: April and May, \$13,288,000; June \$6,938,000; July, \$7,240,000. Considering the way the customs revenue is running at present, those figures do not look hard to beat. Unless there is an unexpected slump during the spring and summer, the collections during the first half of the new fiscal year may outrun the record for last year. If events develop in this way the collections under the new tax on excess profits will be all to the good—that is to say, every million dollars thus collected will represent a million struck off the \$245,000,000 which the Minister estimated that he would require to borrow. So, \$25,000,000 collected from the excess profits would bring the borrowing requirement down to \$220,000,000; and continued buoyancy in the ordinary revenue might possibly effect a further reduction—to \$200,000,000.

CLOTHES AND THE MAN.

There is a doorman downtown who is patronized by \$15-a-week clerks in his institution, and yet when he goes home he is met at the station by a twelve-cylinder car, and on pleasant Sundays he drives a costly power boat. And nearby is a waiter who gratefully acknowledges a ten-cent tip, which he drops into a waistcoat pocket that bulges out because it holds two diamond rings worth close to \$1,000. When the waiter doffs his white coat he puts on his rings, and he, too, is often met by a member of his family in a comfortable motor car. There is no moral to the tale, unless it be that clothes do not make the man, until he puts them on. — New York Annalist.

In exports of manufactured articles, the United States now leads all the world. The total for the year 1915 was \$1,784,000,000, while Great Britain exported only \$1,500,000,000.

OUR RECRUITS.

In the Ontario Legislature a few days ago Mr. N. W. Rowell furnished interesting particulars regarding the Canadian troops, showing ages in five classes and also occupations. The returns were up to February 29, 1916, the total force then being 263,111.

Regarding the ages, the figures were:

Age.	Total All Ranks.	Percentage
Under 20	26,260	10.03
20-25	95,755	36.50
25-30	66,144	25.23
30-35	42,371	15.81
35-40	22,128	8.45
40-45	9,228	3.51
Over 45	1,225	.47
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	263,111	100

Their Occupations.

Occupations.	Total All Ranks.	Percentage.
Professions	16,153	6.14
Employers and Merchants	6,530	2.48
Clerical workers	48,777	18.48
Manual workers	170,369	64.77
Farmers	14,200	5.40
Ranchers	2,844	1.08
Students	4,238	1.65
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	263,111	100

He said his information was that there are about 450 munition plants throughout Canada, and approximately 275,000 people are engaged in the work; 180 factories are machining and assembling shells, and the rest making component parts. They are commencing to manufacture fuses, which will open up a field for a good deal of female labor. There are a good number of small articles being made in which women can be just as, if not more, efficient than men.

THE DEMANDS OF THE TIME.

The man who produces one pound of anything of value, the man who improves the breed of his own cattle, the man who makes two blades of good grass grow where one grew before, is adding to the wealth of the nation, to the richness of the country. Not alone is that the case, but he is contributing his bit to Christianity and to the welfare of the world. It is given to the farmer and breeder to serve his native land more by his individual effort than is within the power of the ordinary follower of any other occupation. The farmer by his own unaided efforts, except by the gifts of nature, can maintain his wife and family. No other worker in the world's vineyard can say as much unless he is willing to go naked and that he and his should often times suffer the pangs of hunger. And the claims upon the farmer and his fellow, the breeder, in present circumstances are not only urgent but many.

There are people who object to the assertion that the agriculturist in making the earth yield its utmost, in tending his flocks and herds with care, diligence and intelligence, is doing his bit, the same as the man in the trenches. He is not directly placing his own life in jeopardy perhaps, but he is helping to sustain those who are. He is providing a good-sized portion of the ammunition. The fault is not in the assertion itself, but in the use that is made of it by the man who has no spirit for the fight and who, the probabilities are, is doing his full bit neither in agriculture nor in any other form of industry. There are possibly men on the land who would be more use on the field of battle, but one thing is certain, if the men who are of value to the soil and to the farmyard are taken away some means must be found to replace them.

Canada's future lies in the womb of her agriculture. To make the best use of the opportunities that are and will be, to take our rightful place in the world's economics, we must toil without ceasing, we must produce and improve, we must bend all our energies to results, we must utilize waste and, amidst it all, we must focus our eyes upon the future and pay our respects to conservation. Our position is unique in nearness to, and in our facilities for reaching, the best markets. Transportation just now may be difficult and expensive, but it will not always be so, and when the time comes for greater freedom of trade we must be prepared for it. This can be done not alone by industry, but also by economizing; not by hoarding, but by the judicious use of our resources. A truth ever to be borne in mind is that what is wasted by fools is turned into profit by the wise. Even in the midst of its campaign of destruction and ferocity, Germany, so word is flashed across the sea, is devoting attention to education and internal improvement and development.