

unalterable is very great - much greater proportionately than is the case in the United States. This portion is largely in the nature of interest on war debt, subsidies to the provinces, pensions, etc. It is very difficult in a country like Canada for any government to curtail its expenditures very seriously. I do not say that it is impossible but the alternative method - increasing the revenue - seems more feasible. Nor should we forget that there has been a very marked decrease in certain kinds of expenditure - particularly capital and special. Not much credit is due for the cessation of railway subsidies in our much be-railroaded country and there is still room for further curtailment in the expenditure on public works but such a proposal has little appeal for the average member of parliament.

(b) Increasing our revenue.

One proposition that has met with considerable approval from the business world is to substitute a Turnover Tax of 1% for our Sales Tax. In 1924 the Sales Tax produced \$100,990,000, in 1925 \$66,707,000. Advocates of the Turnover Tax have prophesied that it will produce from \$175,000,000 to \$250,000,000. Presumably they anticipate that the Turnover Tax will be imposed at the rate of 1% whenever a commodity or possibly a service is sold - subject of course to necessary qualifications for brokers, bankers, professional men and so on. The tax will be on the selling price of the commodity or service and the receipts will be forwarded to the government monthly. The existing Sales Tax is a 5% Tax imposed on the selling price of a finished product and is paid