Excalibur

Everything secret degenerates; nothing is safe that does not show it can bear discussion and publicity
—Lord Acton

Excalibur is the York University weekly and is independent politically. Opinions expressed are the writer's. Unsigned editorials on this page are decided upon by staff vote and do not necessarily reflect the views of individual editors. Excalibur attempts to be an agent of social change and a forum of democratic debate. Typography by Fotoset, printed at Delta Web. Excalibur is published by Excalibur publications, a body incorporated under the laws of Ontario.

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A letter from the editor on Excalibur's low budget

You may have noticed that Excalibur consists of just 12 pages this week, and considering the lack of a pressing subject for an editorial, I thought it might be an opportune time to explain this paper's situation to our readers.

Artwork for an off-campus advertisement that was to have appeared last week, is presently ensconced in the bowels of the postal system, somewhere between Montreal and Toronto. Because ads pay for more than the space they occupy in our pages, the number of ads we get determines the number of pages we can publish.

And so, because a certain valued ad hasn't turned up yet, we are presenting you with a mini-model. Now for a paper which is supposed to provide a service to a large community like York, a dependency on advertising revenue means the quality of service that York receives from Excalibur is largely dependent on the decisions of off-campus business-types who control advertising budgets.

In a time of recession, when advertising budgets are being cut to the bone, this kind of arrangement cannot prove very satisfactory to anyone.

In this issue, the worst casualties are the sports section and the candidates for last week's Board of Governors election.

This is not a state of affairs which will go away. Since last February our publisher, the Board of Publications (which is made up of reps from the undergraduate colleges, The alumni, faculty, staff, CYSF, and Excalibur staff) has ordered that every issue of Excalibur be made up of 40 per cent advertising in order to keep the paper from plunging hopelessly into debt.

The Board of Publications was forced to take this measure because public funding of Excalibur had, by last year, plummeted to a hopelessly inadequate level ($13,000 in a CYSF grant).

In the past, if we weren't in the black in terms of ad sales in a given week, we had the alternative of dipping into the paper's bank account and filling lots of space anyway; and then hope we could have a good week to make up for it later on. But now that the reserves are gone, there is no choice: no ads, no pages.

The onus of funding Excalibur rests entirely with the Council of the York Student Federation (Founders, McLaughlin, Stong, Winters, Vanier colleges, and until recently, Calumet) and Bethune College. Unfortunately, the undergraduate colleges and CYSF don't have much money themselves anymore, so we can't expect them to give us an extra $10,000 (which would put us back at our 74-75 funding level) and make everything hunky-dory.

Our Business and Advertising Manager, Olga Graham, currently puts in a 60 hour week (she worked on New Year's Eve last year), does most of our ad sales, and pretty well makes our publication possible. While we are currently trying to attract more sales staff, the results of previous efforts don't make us optimistic in this regard.

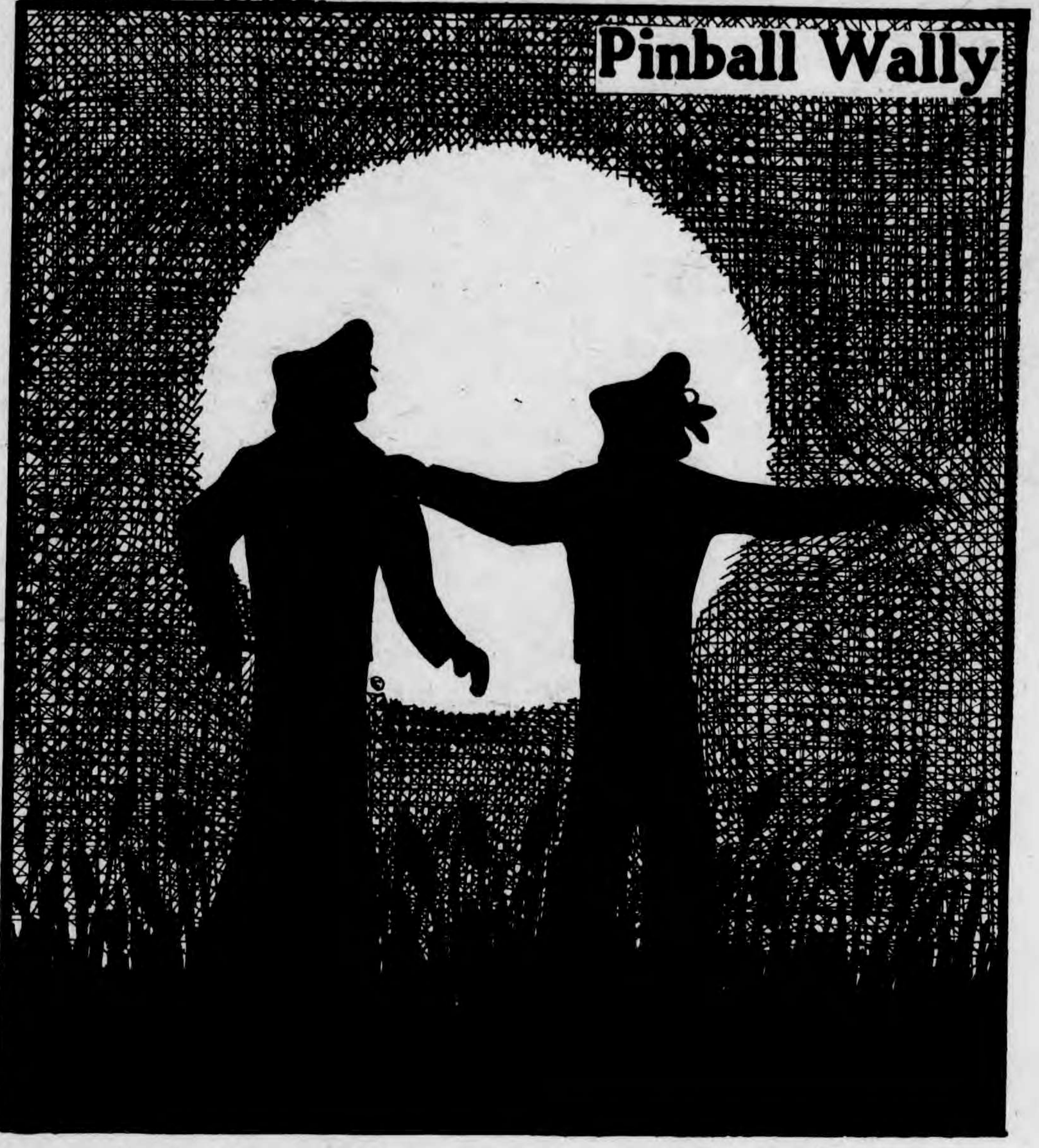
I personally believe that if Excalibur is going to survive, much less expand, it will have to be funded at a higher level, independent of CYSF. This idea, which we formulated last year in a *Proposal for Independent Funding of Excalibur*, and tried to work out for a CYSF referendum, is one which readers will be hearing more of in coming months.

I think it is the only way out of the paper's bind, which is as tight as can be: this year we were broke in September, and would not have been able to publish at all, had not CYSF president David Chodikoff written the TD bank a letter stating that we would in fact receive a grant from the council.

This enabled us to get an $8,000 bank overdraft, to pay our debts to our typesetters and printers, and start again.

If this situation continues, we will be unable to embark on a major cost-cutting venture: the purchase of our own typesetting and paste-up equipment. This would allow us to "cut out the middle man" and put the paper out more cheaply. But you have to have a few thousand dollars to make a down payment for typesetting and headline machines — and this is presently beyond us, no matter what the long-term savings might be.

Paul Stuart



Look.... That's either a male Bohemian walking with yellow tail feathers, red and white patches and yellow ribbing on the wings, with a mosquito in his mouth..... or a rock.

A look at corporate taxation, from OFS

OFS Where Will The Money Come From?

This is section B of an Ontario Federation of Students brief, "Where will the money come from?",

An examination of the corporate tax system along similar lines to that of the personal income tax system is worthwhile.

Often in the past, (eg. Brief to the Advisory committee on Student Financial Assistance) OFS has raised the question about what kind of return the people of this province are getting from tax "subsidies" to corporations.

Now, as then, the absence of publicly available, comprehensive financial information, makes a detailed dollars and cents evaluation impossible. Nevertheless, the policy area (tax concessions to corporations) can be analyzed well enough in terms of overall costs and benefits for our purposes to be served.

Two examples will be used: the accelerated capital cost allowance for machinery and equipment introduced in November 1974; and the sales tax exemption for all production and machinery and equipment used by the private sector. The minimum cost to the province for these two concessions alone was about $80 million and $160 million respectively in 1977 (i.e. revenue that would normally accrue to government will not be because of these tax concessions).

The stated objective for these concessions is to encourage new investment thereby raising productivity and creating more jobs. Do they meet these objectives?

It is difficult to answer this question simply. In the first place, does whatever investment that occurs occur because of the concessions or would the investments hve been made anyway? A study by the then Postmaster General, Eric Kierans, *(contribution of the tax system to Canada's Unemployment and Ownership Problems)* in 1971 proves most revealing in this regard:

The mining industry claims that it needs these enormous tax concessions to counter the risk of exploration and development... yet they spent $1,147 million in three years from the end of 1965-68 to increase their portfolios of marketable securities from $335 million to $593 million and their investments in and advances to affiliates from $1,253 million to $2,142 million. There is no public information on how many Canadian firms were bought out by these 'interest free loans'.

A more recent study (December 1976) by the C.D. How Research Institute, *Tax concessions to boost investment: a perspective* also remarked on the matter of where the concessions end up:

"Approximately 60 per cent of the total assets in Canada's manufacturing sector are under foreign control (it is even higher in resource industries - ed.) .... Unless tax concessions significantly altered dividend policies, one would have to conclude that a substantial portion of any increase in net income arising from tax concessions would flow out of Canada."

While we could continue with this argument for many more pages concerning the problem of tax concessions by Canadian governments effectively being income transfers to the U.S. Treasury, let it suffice to say that reasonable doubt exists as to the efficiency and effectiveness of tax concessions as an investment incentive.

Beyond the issue of whether or not tax concessions are an efficient of "productive" method of incentive, is the issue of the impact of tax concessions on investment decisions themselves. This relates more closely to whether they are just gravy or whether they actually stimulate investment.

Again we refer to the paper produced by the C.D. Howe Institute:

We believe it fair to say that such measures (business tax concessions) in and of themselves are unlikely to be the major determinants of investment; business expectations concerning the future course of the economy and of economic policy are probably the most critical factor. In a stagnant economy, or one fraught with uncertainties, any positive impact from concessions is likely to be quite limited.

This conclusion is at considerable odds with former Treasurer of Ontario, D'Arcy McKeough's claim that: "There is ample evidence that this has been an effective incentive (the sales tax exemption)" since he was referring to an exemption that cost the Ontario Treasurer $410 million during a period when the Ontario economy was feeling the full effects of a "worldwide weakening of erstwhile economic growth."

It also raises serious doubts about the erstwhile Treasurer's contention that employment growth comes as a result of these incentives.

Larger capital-intensive firms are favoured by tax concessions, in relation to smaller less-capital intensive firms. The result may well be a competitive advantage for the larger firms, and a relative decrease in employment growth in an industry. Further, in a period when labour costs are perceived as high, concessions to capital may encourage investment in less labour intensive technology.

A study *(Foreign Ownership & the Minning Industry)* conducted by Kates, Peat, Marwick & Company for the Ontario legislature's Select Committee on Economic and Cultural Nationalism of the Legislature, bears this out when it concludes that in the mining industry (a prime beneficiary of substantial tax concessions):

(although) output has increased over the period 1951-71, direct employment in the mining sector has remained relatively constant.

Over the last two years, more than one half of one *billion* dollars in potential revenue has been "forgone" by the Provincial government in the form of the tax exemptions and quick write-off's mentioned above. In 1977, these "programs" were estimated to cost $250 million.

Another answer to "where will the money to stop cutbacks come from?"