Published Every Friday
by
The Monetary Times
Printing Company
of Canada, Limited

Publishers also of
"The Canadian Engineer"

Monetary Times
Trade Review and Insurance Chronicle
of Canada

Established 1867 — Old as Confederation

JAS. J. SALMOND
Managing Director

FRED. W. FIELD
Managing Editor

A. E. JENNINGS
Advertising Manager

Making Both Ends Meet in War Time

PROPOSALS *of Finance Minister White, as set out in his Budget Speech —Aside from $100,000,000 which will be borrowed for war purposes, there is a deficit of $80,000,000 to provide—Tariff Changes and Special Taxes Will Yield $30,000,000, Leaving another $50,000,000 to be borrowed*

Dominion's requirements for fiscal year ending March 31st, 1916		**$300,000,000**
War expenditures (to be borrowed)	**$100,000,000**	
Estimated revenue on ordinary basis	**120,000,000**	
Estimated revenue from tariff changes, say	**22,000,000**	
Estimated revenue from special taxes	**8,000,000**	
To be raised by loans, (in addition to war loans)	**50,000,000**	
		$300,000,000

Dominion's revenue from all sources from April 1st, 1914, to January 31st, 1915, declined $30,000,000.

Deficit of $60,000,000 to meet in current fiscal year's expenditures.

War expenditure from August to March 31st next will probably reach total amount of appropriation, $50,000,000, authorized in August.

Increase in national debt during current fiscal year, including war expenditures, will be about $110,000,000.

Of £12,000,000 war loans to Canada arranged by Imperial government, for period, September to March 31st next, Canada has had £8,000,000 to date.

Canadian war loan will be issued in London later, by arrangement with Imperial authorities, in order to repay advances.

Dominion notes of $10,000,000 have been issued in excess of authorized $15,000,000 extra issue.

For the nine months ended December 31st, 1914, our total exports of merchandise decreased $27,000,000, while our total imports of merchandise decreased $112,000,000 as compared with corresponding period of 1913.

Total cash requirements for all purposes for fiscal year to end March 31st, 1916, are estimated at $300,000,000; revenue, on present basis, would yield $120,000,000, leaving $180,000,000 to be provided for by taxes and loans.

Money for war expenditures ($100,000,000) will be raised entirely by means of loans; leaving $80,000,000 to be provided.

From $20,000,000 to $25,000,000 is anticipated as result of proposed customs tariff changes.

Special stamp and other taxes expected to bring $8,000,000.

In August, (said Hon. W. T. White, finance minister, in his budget speech last week), I pointed out that we were certain to experience a sharp decline in revenue due to decreased importations attributable to the shutting off of our trade with the enemy, the interruption and increased risk of ocean traffic, and above all, the cessation of Canadian borrowings abroad and its effect upon our purchasing power as a community. This forecast has been realized in ampler degree than was at the time expected. Taking the ten months of the year which have already elapsed, that is to say from April 1st, 1914, to January 31st, 1915, the Dominion's revenue from all sources has totalled, in round figures, $109,500,000. This compares with $139,000,000 for the corresponding period of the last fiscal year, a decline of nearly thirty millions. Entering into details we find that of this heavy loss in revenue the falling off in customs accounts for nearly twenty-eight millions; in excise two hundred thousand; and in miscellaneous items a million and a half. Since the outbreak of the war the contraction in customs revenue has been fairly constant in monthly amount, representing about one-third of the returns for the corresponding period of the previous year. As regards excise the additional duties imposed by the August budget have the effect of counteracting the heavy losses which would otherwise have been experienced.

Upon the basis of these figures for the ten months' period, and having regard to the present action of the revenue-producing services, we estimate that the revenue of the Dominion for the fiscal year ending March 31st next computed upon the present basis of duties would amount to $130,000,000. The figures for the previous year having been $163,000,000, this year's loss of sevenue would reach a total of thirty-three millions.

So far as the expenditures of the year are concerned, I stated in August that it would be the policy of the Government, in the interest of employment, to maintain as far as possible the programme of public works then under construction, but that new works would not be undertaken until the financial outlook became clearer and we should have in view the source of funds from which to meet the expenditure. This policy we have endeavored to carry out. For the ten months ended January 31st, the current expenditure has reached $102,000,000 and the capital and special $37,000,000. These figures compare with $93,000,000 and $47,000,000, the outlays under the headings in question respectively for the same period of the previous year. The drop in capital and special expenditure is due to the fact that railway subsidy payments have been much less during the present year. For public works and undertakings our disbursements have been greater.

For the whole of the present fiscal year we estimate our current expenditure will be $140,000,000, and our capital and special expenditure $50,000,000. Summarizing the estimated results we have the out-turn of the year, stated concisely, as follows:—

Current expenditure	$140,000,000
Capital and special (other than war) expenditure..	50,000,000
Total	$190,000,000

Our revenue on the present basis being estimated as I have stated at $130,000,000, we should have to meet for this year a deficit of ten million dollars on current account plus the entire amount of our capital