

# Canadian Economic War Effort 1914-1918

**Canada Has Borrowed From Her Own People \$756,000,000, and Elsewhere \$307,000,000—Has Granted Imperial Credits to the Amount of \$532,816,397—Revenue and Expenditure—Taxation.**

The Director of Public Information, Ottawa, has issued through the King's Printer a brochure entitled "Canada's War Effort, 1914-1918," being a brief account of the national effort which Canada has put forth since the commencement of the War. "It is intended to mark the beginning of the fifth year of the War. It should be remembered that the first four years may well be the prelude of a greater effort still to come. Our accomplishments must be regarded, in the main, as a stimulus to further action while the need lasts."

The economic effort is summarized in very handy form which we present as follows:

The Canadian Government, since the commencement of the War, has issued domestic loans as follows:

	Amount Subscribed	No. of Subscribers
1. 1915/1925, 5%.....	\$ 97,000,000	24,862
2. 1916/1931, 5% .....	97,000,000	34,526
3. 1917/1937, 5% .....	142,000,000	41,000
4. 1917/1937, Victory Loan), 5½% .....	398,000,000	820,035

In addition, War Savings Certificates to the amount of approximately \$12,500,000, as well as a considerable amount of debenture stock, have been sold, bringing the Government's borrowings from the people of Canada since the beginning of the War to the total sum of \$756,000,000, or, in other words, \$100 per capita of the population of the Dominion.

In addition to the domestic loans, Canada has issued between the years 1915-17 in Great Britain and the United States, securities totalling more than \$307,000,000.

Since the outbreak of war to March 31, 1918, Canada has established credits on behalf of the Imperial Government to the amount of \$532,816,397. Through these advances Great Britain was able to finance the purchase of foodstuffs, hay and other commodities and to carry on the operations of the Imperial Munitions Board in Canada.

In addition to the above, Canadian chartered banks have advanced to the Imperial Government through the medium of the Minister of Finance the sum of \$200,000,000 for the purchase of munitions and wheat. This was made possible by the large savings deposits in Canadian banks, which since August, 1914, despite the withdrawals for subscription to war loans, have increased by \$276,000,000.

On the other hand, Great Britain has made advances to the Dominion totalling \$534,450,826. These credits were chiefly for the maintenance of the Canadian troops overseas.

**Revenue and Expenditure: March 31, 1914—March 31, 1918.**

	Revenue.	Expenditure, Consolidated Fund.
1914-15 .....	\$133,073,481	\$135,523,206
1915-16 .....	172,147,838	130,350,726
1916-17 .....	232,701,294	148,599,343
1917-18 .....	261,125,459	179,853,534

The Consolidated Fund expenditure for 1917-18 includes payment of interest, estimated at \$45,000,000 and pensions of some \$7,000,000, or \$52,000,000 altogether, whereas prior to the war the outlay on interest was but \$12,000,000 and on pensions practically nil.

	Expenditure, Capital Account.	Expenditure, War Account.
1914-15 .....	\$41,447,320	\$ 60,750,476
1915-16 .....	38,566,950	166,197,755
1916-17 .....	26,880,031	306,488,814
1917-18 .....	43,536,563	342,762,687

Up to March 31, 1918, the total outlay for the war was approximately \$875,000,000. This amount includes all expenditures in Canada, Great Britain and France and is also inclusive of the upkeep of the troops overseas. During the past two fiscal years there has been applied to war expenditures, by way of surplus of revenue over ordinary and capital outlays, the sum of \$113,000,000. The interest and pension payments attributable to the war amount for the entire war period to approximately \$76,000,000. These also have been provided from the Consolidated Revenue Fund.

The net debt of Canada, which before the war stood at about \$336,000,000, has now passed the billion-dollar mark, and it is estimated that when the accounts for the year 1917-1918 are closed, it will reach, approximately, \$1,200,000,000. The increase is almost entirely attributable to war expenditures.

Taxation on luxuries has been gradually introduced since the beginning of the war as it was justified by the financial condition of the country. Increased customs duties and higher rates of excise on certain commodities, including liquors and tobacco, imposed soon after the commencement of the war were followed in 1915 by a war tax on transportation tickets, telegrams, money orders, cheques, letters, patent medicines, etc. In 1915 an increase of 7½% ad valorem to the general tariff and 5% ad valorem to the British preferential tariff was made on all commodities with the exception of certain foodstuffs, coal, harvesting machinery, fisheries equipment, etc.

In 1918 a special customs duty was imposed on tea and coffee and the excise on tobacco was increased. In addition, various other taxes were imposed or increased, and a special war excise tax was imposed on various articles, including automobiles, jewellery, etc.

Under the Business Profits War Tax Act, as at present amended, the government, in the case of all business having a capital of \$50,000 and over, takes 25% of the net profits over 7% and not exceeding 15%; 50% of the profits over 15% and not exceeding 20%; and 75% of the profits beyond 20%. In the case of businesses having a capital of \$25,000 and under \$50,000, the government takes 25% of all profits in excess of 10% on the capital employed. Companies employing capital of less than \$25,000 are exempted, with the exception of those dealing in munitions or war supplies.

The Canadian income tax, which comes into effect in the year 1918-19, is in many respects higher than that in force in the United States. The scale provides for the exemption of incomes, in the case of unmarried persons with an income of \$1,000 and under, and in the case of married persons with an income of \$2,000 and under. There is also provision for the exemption of \$200 for each child.

During the last fiscal year the Dominion Government collected by way of War Taxation the following (in approximate figures):

Tax on Trust and Loan Companies.....	\$ 267,500
Tax on Insurance Companies .....	385,000
Tax on Banks .....	1,115,500
Inland Revenue from Railways, Steamships, Telegraph and Cable Companies, etc.....	2,230,000
Extra Postage on letters, etc.....	5,800,000
Business Profits War Tax .....	21,275,000
Increased Customs Duties .....	45,000,000

**Total .....** \$76,073,000

Reference should be made to the fact that since the outbreak of the war quantities of gold coin and gold bullion to the value of \$1,300,000,000 have been received at Ottawa by the Department of Finance as trustee for the Imperial Government and the Bank of England.