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DEBT AND REVENUE.

The preliminary returns of the Dominion's revenue and expenditure for the fiscal year ended March 31st last, while admittedly incomplete, provide considerable material for serious consideration. The outstanding fact is that our war expenditure is now attaining dimensions which could scarcely have been regarded as conceivable in the first few months of hostilities. For the last fiscal year, its total can hardly have been less than \$300,000,000. An actual expenditure of \$269,279,276 is disclosed in the new accounts, which, however, only represent the receipts and payments which have passed through the books of the Finance Department up to the last day of the month. To this total have to be added subsequent items of expenditure which have, however, to be charged to the fiscal year which closed in March. Allowance has to be made, also, if an accurate idea of our current war expenditure is to be obtained, for the cost of supplies to the Canadian troops in Europe by the British Government, the bill for which, while it is not to be settled till after the war, is attaining large proportions. At the present time, it is probably not under \$75,000,000 and may be much higher than that. With an enormous consumption of munitions at the Front during the coming summer months, it is conceivable that our total war expenditures will shortly be little less than an average of \$30,000,000 monthly.

As regards revenue, the preliminary figures show a total of \$228,217,270, a growth of about \$57,000,000 in comparison with the preceding fiscal year, when revenue was \$171,248,665. This increase is mainly accounted for by the growth in customs returns, which at \$133,531,186 against \$97,954,120 in the previous year show an increase of over \$35,500,000. Excise, post office and public works show fair increases, the Government railways, which come under the last-named heading, having been kept very busy with war traffic, and miscellaneous revenue is more than doubled, this year's total of \$25,181,827 comparing with \$11,385,714 in the preceding fiscal year. This large proportionate growth reflects, of course, the proceeds of the Business Profits Tax. The preliminary figures show the expenditure for the year on revenue account as \$122,392,952 compared with \$107,730,367. In this connection, the rapidly increasing interest obligations arising out of the growth of debt have to be remembered. Capital expenditure, other than on war account, is

just over \$23,000,000, so that exclusive of war expenditure, there is apparently a surplus of some \$83,000,000. available for the meeting of war expenditure. But the final figures are likely to lower this surplus. Including war expenditure, the Dominion's deficit for the year is approximately \$186,000,000.

The public debt accounts are at present immensely swollen owing to the transactions between the Dominion and the British Governments by which credits are given to the Imperial Munitions Board. However, inflation of figures in this connection does not affect the hard fact that the net debt of the Dominion at March 31st last was \$804,621,852, a growth of \$250,000,000 during the fiscal year, and of approximately \$540,000,000 since July, 1914. Before the war, the annual charges on the Dominion's public debt were under \$15,000,000; under present circumstances, and at a modest estimate they can hardly be less than \$40,000,000. What the total debt and the annual charges upon it will be, when our war expenditure approaches something like finality, it is not yet possible to guess. Probably the end of the war will see about one-half of the Dominion's debt held in Canadian hands, so that its burden will be correspondingly less than it might be were practically the whole bulk of it held abroad. But the fact must be recognized that before interest can be paid to *rentiers*, taxes must be collected, and before taxes can be collected, there must be production of wealth.

With the facts in view regarding the enormous increase in our debt during the last fiscal year, and the prospect of a still more rapid increase in the immediate future, there cannot surely be two opinions, as to the necessity of further taxation in order to keep pace with the growth in our capital obligations. There is every reason why in a new and comparatively undeveloped country, posterity should meet the bulk of the obligations incurred in securing that country's freedom. But anything that the present generation does is not likely to rob posterity of its full prerogatives in this particular. Up to the present, our war taxation has not kept pace with the increase in ability of the country to bear it. We hope that the Minister of Finance in his forthcoming Budget will take measures to avail himself further of the present tax-paying ability of the country.