Financial Aspect

During the last fiscal year the total Dominion government revenue was $260,778,952, of which $116,577,066 was collected by the customs tariff and $45,018,562 by the special war tariff. The total federal revenue, from all forms of taxation, was $214,182,156, and of this amount the tariff collected over 75 per cent. In view of the fact that last year the tariff provided over 61 per cent. of the total revenue of Canada, and over 75 per cent. of the total secured by all forms of federal taxation, it seems reasonable to suggest that we should not throw away this means of securing revenue until we have found something which can be guaranteed to take its place, especially in view of the Dominion government's announcement that a revenue of $450,000,000 will be required to meet this year's expenditures, an increase of about $190,000,000 over last year.

If the tariff is abolished, how do the Grain Growers propose to raise this immense revenue? They answer this question by advocating a tax on unimproved land, an inheritance tax, and by the extension of the personal income tax and the tax on the profits of corporations—which are now in operation in Canada.

These forms of taxation, however, while capable of producing a certain amount of revenue, though by means of costly and complicated machinery, are so strictly limited by the well-known law of diminishing returns, that no country has found it possible to rely solely upon them for revenue.

The United States, for example, which under the democratic regime of President Wilson, increased such taxes, still finds it necessary to retain a protective tariff.

As the future fiscal policies of the great nations will not be determined until after the Peace Conference, Canada would be most unwise to consider any change until the general trend of international tariffs becomes apparent. While it is impossible to forecast what trade policies will survive, the tendencies at present are away from free trade, and it seems probable that Great Britain will be forced by her vast obligations to make new customs imposts.

Tariff Not Perfect

As the Canadian tariff has not been revised since 1907, it is not suited in many respects to present conditions, and revision is necessary. But the tariff is most intricate, and, as any change produces far-reaching results, revision should be preceded, if commercial stability is to be maintained, by the most careful study of the chain of industries likely to be affected by each proposed alteration.

The manufacturers of Canada, with the loyal co-operation of their great army of workpeople, did not fail the country during the war. At its start, industry was threatened with acute depression, but the manufacturers did not hesitate. They mastered the intricate problems of war production, reorganized their staffs, rebuilt their plants and placed them on a war basis. The result was that towards the close of the war they were employing about 700,000 people at the highest wages ever paid in this country, supplying the needs of Canada, supplying the army, and exporting manufactured goods to the value of $700,000,000 annually. Moreover, Canadian factories rapidly attained such a high degree of efficiency in war manufacturing that they were able to execute orders placed by the Imperial Munitions Board in Canada to the extent of $1,200,000,000, and also to accept over 250 contracts given by the United States ordnance manufacturers for the production of shells and component parts. Vast sums of money were thus brought into Canada, and, being distributed and spent in all parts of the country, filtered through all commercial channels and benefited all classes of the population. It is disagreeable to speculate as to what our financial situation would have been now, had Canada not possessed the ability, the enterprise, the factories and the skilled workmen necessary to achieve this result. It is more disagreeable to speculate how many days longer the war might have been protracted but for the important part Canadian factory production played in furnishing the munitions and equipment so vital for success.

The manufacturers who transformed Canadian industry from peace to war are not afraid of the task of transforming it back again from war to peace, but they ask for liberty to devote their entire energy to its accomplishment.

Therefore, the Canadian Manufacturers' Association believes that the country should concentrate on the one task of returning to peace conditions, with all its attendant questions, and leave the highly controversial problem of tariff revision to a time when it can be given the undivided attention it demands.

OFFER MOOSE JAW STREET RAILWAY

The shareholders of the Moose Jaw Street Railway are quite willing to sell at a price and to accept Moose Jaw five per cent. bonds. The city would not be required to pay a cent in immediate cash to secure possession.

The concern has 13½ miles of track and 22 cars. The capital stock is $760,372. The first operation was done in the fall of 1911. The enterprise seemed fairly satisfactory until the outbreak of war and quarterly dividends were paid at the rate of six per cent. per annum until that time.

If the city does not buy the railway, it is asked that certain obligations of the company be remitted, that permission be granted to charge seven cents fare and that the operation of one-man cars be allowed.

As the amount of money involved is small—less than a million dollars—it seems possible that Moose Jaw may take over the project from the private company. Most of the directors are from Ottawa, and the railway is controlled from that city.

In the last year for which figures are available the gross receipts of the company were $104,983; the operating expenses, $80,734; net earnings, $24,249; interest charges, $4,667; other deductions, $1,723; and balance at credit, $17,859. This was for the year ending June 30th, 1917, and indicates that with a return of better conditions the road might pay.

The Bank of Nova Scotia has opened a branch at Parkside, Saskatchewan.

STANDARD STOCK EXCHANGE ANNUAL

The Standard Stock and Mining Exchange at the annual meeting on January 28th, heard reports of a most successful year, and a feeling pervaded the meeting that the outlook for 1919 was very promising. The surplus for last year was $16,447.76. The following officers were elected:—President, L. J. West; first vice-president, P. W. Cashman; second vice-president, D. G. Lorsch; secretary-treasurer, J. P. Cannon; directors, W. J. Chalmers, H. A. Fleming, J. T. Eastwood, P. G. Kiely, J. A. McCausland.

URGE REMOVAL OF EXCISE TAX ON ALCOHOL

The executive council of the Canadian Manufacturers' Association has notified the Council for Scientific and Industrial Research that the recommendation made by the Research Council to the government for the removal of the excise tax on alcohol for industrial purposes is being strongly supported by the Manufacturers' Association. The legislative council of the association has passed a resolution urging the government "to permit the use of excise-free alcohol subject to restrictions which would protect revenue and public safety." The resolution refers to the fact that a number of distillers are now lying idle, that new processes are now available for making alcohol from non-edible materials, that the Dominion has now an unusual opportunity of extending its industries in many directions, and that a new source of motor fuel is desirable.