

# THE BRITISH BUDGET, COLONIAL SECURITIES AND THE SINKING FUND QUESTIONS.

Few budgets in modern times have excited so much discussion as the one recently brought before the British Parliament by the Chancellor of the Exchequer. Before it was introduced there were intimations given that the national balance sheet would show a deficit of from five to seven millions of dollars. This set financiers and politicians all agog speculating what measures would be proposed to cover the shortage, and prevent its recurrence. Happily the revenue receipts were found sufficient to change the balance from a deficit to a surplus of \$905,800 (£186,000). This was a very close shave, too close to base the financial arrangements of next year upon, considering the enormous expenditures in progress for increasing the national armaments. For next year there was estimated to be a deficit of \$3,116,800; a figure arrived at by converting sterling into currency at par. To avoid this result, new stamp duties are to be imposed: (1) on foreign securities; (2) on the capital or debenture stock of mortgage companies; (3) on the capital of joint stock companies, and "on letters of allotment and renunciation;" (4) on imported wines. From these new taxes a revenue is expected of \$4,246,900, so that a surplus of over a million dollars is expected in 1900. The first of these new imposts is the only one of direct interest to Canada; respecting which we shall have a few comments later on. These new taxes are too insignificant to provide for increased outlays for armaments; they merely prevent a further deficit, if the revenue and expenditure continue next year to be the same, as in the one just closed. Here, then is a serious financial problem presented, which is: from what source can revenue be derived for the enormous outlays in progress on the army and navy? The answer given by the Chancellor of the Exchequer reads: "I propose to reduce the national debt charge from \$121,750,000 to \$112,010,000, a decrease of \$9,740,000, or £2,000,000 sterling. The Imperial revenue for next year, and the expenditure, as compared with those of last year, are estimated as follows:—

Revenue.	1899-1900	1898-99	Inc. or Decrease 1899-1900
	\$	\$	\$
Customs.....	106,019,800	101,539,500	inc. 4,480,300
Excise.....	145,369,500	142,204,000	inc. 3,165,500
Estate duties.....	54,300,500	55,518,000	dec. 1,217,500
Stamps.....	39,203,500	37,012,000	inc. 2,191,500
Land tax.....	3,886,000	3,749,900	inc. 137,100
House duty.....	8,035,500	7,792,000	inc. 243,500
Property and Income tax.....	89,121,000	57,660,000	inc. 1,461,000
Post Office.....	64,284,000	61,897,700	inc. 2,386,300
Telegraphs.....	16,071,000	15,340,500	inc. 730,500
Crown Lands.....	2,191,500	2,094,100	inc. 97,400
Suez Canal			
Shares, &c.....	3,832,690	3,472,300	inc. 360,390
Miscellaneous.....	9,009,500	9,170,210	dec. 160,710
<b>Total Revenue..</b>	<b>\$541,424,490</b>	<b>\$527,450,210</b>	<b>inc. \$13,974,280</b>
<b>Expenditures.</b>	<b>1899-1900</b>	<b>1898-99</b>	<b>Inc. or Decrease</b>
	\$	\$	\$
National Debt. ac.	112,010,000	121,750,000	dec. 9,740,000
Other Services.....	13,392,500	9,954,280	dec. 3,438,220
Army.....	100,404,790	97,400,000	inc. 3,004,790
Navy.....	129,517,650	117,211,160	inc. 12,306,490

Civil Service.....	108,018,600	107,261,750	inc. 756,350
Customers and			
Inland Revenue.....	13,699,310	13,713,920	dec. 14,610
Post Office.....	41,653,110	39,106,100	inc. 2,547,010
Telegraphs.....	17,747,360	16,299,890	inc. 1,447,470
Packet Service.....	3,803,470	3,993,400	dec. 189,930
<b>Total Expenditure.</b>	<b>\$540,216,790</b>	<b>\$526,690,500</b>	<b>inc. 13,556,290</b>

N.B. The above are converted into currency at par.

The increase in the expenditures of Great Britain since 1894 has been \$97,100,000, of which increase the army and navy absorbed 74,160,000. Towards this enlarged expenditure, the additional taxes contributed 78 millions of dollars. In 1895 the first great increase occurred in that year, the outlays being raised over 15 millions, and since then the national expenditures of Great Britain have been going up by "leaps and bounds."

From the above figures in the British Budget we learn that the Government intends to enlarge the cost of the national armaments next year by \$15,311,280, that is, from \$214,611,160 to \$229,922,440. One new tax proposed for increasing the revenue is, as above named, "A duty of \$1.25 per 500 (\$s. on each £100) on the nominal value of all documents representing foreign or colonial bonds, stocks, or shares which are not at present liable to any duty." As stated in the London journals, the mode of imposing this tax is somewhat obscure. If it is intended to levy the tax on all such foreign and colonial securities as are now held, or, at the time of collection, will be held in the United Kingdom, it amounts to a new property tax, which will be quite onerous upon a large class of investors who hold the "bonds, stocks or shares" of the Canadian municipalities railways, banks and other companies in Canada which have placed their securities on the English market. Whether the tax will be levied upon all documents of the security class, whether issued in England or in Canada, and sent for sale to England, is not yet clear. But, in any case, the tax is a confiscation of the capital invested to the extent of a quarter of one per cent. As a large part of the annual revenue from foreign and colonial securities held in England, is liable to income tax, the holders of such securities as fall under the new tax, who pay income tax on the revenue they yield, will have the duty imposed on them of paying a *property tax* on their capital, and an *income tax* on what such capital annually yields. With all deference to the Chancellor of the Exchequer, we regard this double burthen placed on colonial security holders as most unfair. It can hardly fail to operate against the free handling of colonial securities in the British market, and, to that extent, being adverse to the financial interests of Canada. We hope, however, that Lord Strathcona will succeed in securing the cancellation of this new tax, or some modification of it which will render its incidence on British holders of Canadian securities less onerous and unjust.

The reduction to be made in the national debt charges needs explanation. By the National Debt