

## SOME ANALYSIS OF CANADA'S FINANCES, 1914-15

It may seem somewhat belated to deal with that year now, but it is necessary to understand the present situation and as an introduction to a further discussion of the finances of 1915-16, when the full detail are officially given out.

War broke out after five months of the year 1914-15 had past. For comparison sake and for a true comprehension of the financial situation we ought to keep War expenditure entirely separate from our ordinary expenditure. The Government

has not done so and it is difficult to pick out all the expenditures properly due to War and confine the ordinary expenditures to such as have been customary in Canada for years. This will be done as much as possible in this analysis.

Here is a condensed statement of the ordinary financial situation in Canada for this year 1914-15 placed alongside of the corresponding statement for the year 1910-11, the last full year of the Liberal administration.

Revenue and Expenditure on account of Consolidated Fund	Total 12 months to 31st Mar., 1911	Total 12 months to 31st Mar., 1915
<b>REVENUE:</b>		
Customs.....	\$ 72,965,394.46	\$ 75,941,219.72
Excise.....	16,869,837.36	21,479,730.79
Post Office.....	9,146,952.47	13,046,664.68
Public Works, including Railways and Canals.....	10,818,834.05	12,953,487.18
Miscellaneous.....	7,979,311.44	9,652,379.36
	\$117,780,409.78	\$133,073,481.73
<b>EXPENDITURE.....</b>	<b>\$ 87,774,198.32</b>	<b>\$135,523,206.54</b>
<b>Expenditure on Capital Account.</b>		
	Total 12 months to 31st Mar., 1911	Total 12 months to 31st Mar., 1915
Railways and Canals.....	\$ 27,110,245.94	\$ 30,398,290.05
Public Works.....	3,742,717.44	11,049,029.98
Railway Subsidies.....	1,284,892.04	5,191,507.48
<b>Total.....</b>	<b>\$ 32,137,855.42</b>	<b>\$ 46,638,827.51</b>

### THE ORDINARY OR CONSOLIDATED ACCOUNT

This shows for the ordinary or consolidated account in the year 1911 a surplus on receipts over expenditure of \$30,006,211.46 and for the year 1915 a deficit of \$2,449,724.81. A difference in the financial situation of the country of \$32,500,000, in round figures, to the bad.

On Capital Account we find in 1911 a total expenditure of \$32,000,000, only a little more than the surplus on Consolidated Account.

In 1915 we find a expenditure of \$46,638,827.51 which in addition to the deficit on the consolidated fund makes a total deficit of nearly \$50,000,000 in round figures which it to be provided for by borrowing.

The year 1911 was one of abounding prosperity, rising revenue and great calls for public service. So much so was this the case that the Tory war cry in the elections of that year was "Let Well Enough Alone." The year 1915 was a year of serious obligations, necessity for unusual expenditure, decreasing revenue and general doubt and hesitancy in the commercial world of the country. Yet the expenditure of Canada was raised in this short term of four years from less than \$120,000,000 to over \$182,000,000, and it was openly avowed by the Minister of Finance that none of the War expenditure and obligations were in any way included in this statement of the country's finances. He

declared distinctly at that time all the expenditure for War purposes was to be borrowed from the Imperial authorities and as a matter of fact the Public Accounts show that the full amount spent on the War was so borrowed. There may possibly have been included in the charges for interest and management of debt some slight interest charges on the money borrowed for War charges, but at the end of the year 1915 these amounts were quite insignificant. The Public Accounts do not show how much they were, and they need not be considered in a general consideration of the finances of the country. So it is clear that the above increases to the burdens of the people of Canada were entirely due to the ordinary administration of the new Government on its ordinary affairs.

It is important that this situation should be clearly understood because there is a tendency on the part of the public at large to attribute all our increased expenditure and any financial difficulties that we may have to face to the expenditure caused by the War. The mixing up of War expenditure with ordinary expenditure helps to create this impression, whether it is designed for that purpose by the Government or not. This was the situation before the imposition of the War taxes and without the expenditure connected with the War. There were some War taxes imposed in the summer session