

In this case and under these assumptions, the turnover tax yields a little more than the sales tax, on a single article, but the price of the article to the ultimate consumer is higher in the case of the turnover tax and this would have some effect on restricting the total volume of trade, so that it is still doubtful whether in the aggregate the turnover tax would yield more than the sales tax.

In the actual business world, B. C. and the other intermediaries would add additional value to the article by some further process of manufacture. On the same assumptions as before that each intermediary adds 10% to the purchase price before re-selling, the fact that B adds to the value of the material purchased from A by some further process can be shown as another column of figures starting at B. The value produced by A is embodied in the same article B sells, but B's additional contribution can be conceived as separate for our purpose of studying the tax incidence, and its yield. In the same way other columns of figures could be constructed side by side to represent the additional values contributed by all the other intermediaries, the main result being that on all parts of the value added subsequently to A, the turnover is less than seven and the advantage of the sales tax is manifest.

But, if we accept the statement - which I have no means of checking - that the number of turnovers on Canadian products is on the average not more than seven, and if, to take the most favourable case for the turnover tax, we suppose the average number of turnovers to be seven, then our one column as given can be taken as sufficient in itself, for what is lost by the turnover in some values being less