The Chronicle

Banking, Insurance and Finance

ESTABLISHED JANUARY, 1881 PUBLISHED EVERY FRIDAY

Vol. XXXVI. No. 16. MONTREAL, APRIL 21, 1916. Single Copy 10c. Annual Subscription $3.00

DOMINION FINANCES.

The complete figures of the Dominion Government's finances for the fiscal year ended March 31st last indicate clearly the onerous character of the obligations now being shouldered by the Dominion in consequence of the war. Putting the facts in the briefest possible form, there was a deficit last year of over $105,000,000, and the net debt of the Dominion was increased during the fiscal year by $147,000,000. Owing mainly to new taxation, revenue showed the large increase of some $40 millions, from $131,698,922 to $171,248,669, while the ordinary expenditure on revenue account was reduced by nearly $10 millions, from $117,190,246 to $107,730,367. There was also a restriction in the capital expenditure on public works and in railway subsidies, which called for only just above $34 millions, compared with $40,600,000 in the preceding fiscal year. War expenditure, however, amounted to $134,650,640 during the year against $46,574,587; hence the deficit for the year already mentioned of over $105 millions.

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The revenue is somewhat in excess of that anticipated. Sir Thomas White, in his Budget speech last February, placed the estimated income for the fiscal year now closed at $170 millions. The present totals are subject to revision and probably the final figures will show a further gain over those now reported. With regard to the current year, it will be in recollection that the Minister of Finance, in his Budget speech, looked forward to an income of about $200 millions. He estimated the yield from then existing taxation at $170 millions, which in view of the results achieved last year appears a conservative estimate, and announced his expectation that from the new tax on business profits he will get from $25 to $30 millions during the current fiscal year. The Minister estimated ordinary expenditure on revenue account at $135 millions against $110 millions last year, this amount including $36 millions charges upon the public debt, of which sum no less than $20 millions represents increased interest due to our war borrowings. Capital expenditure on works already in course of construction is estimated to absorb $30 millions, a reduction of about four millions from the preliminary figures of last year's expenditure. The war expenditure is, of course, uncertain, but the Minister, in his Budget speech, apparently anticipated that the bulk of a new appropriation of $250 millions (making a total appropriation to date of $400 millions) is likely to be eaten up during the current fiscal year. If it be assumed that the war expenditure is $200 millions, then the anticipated deficit for the current fiscal year, to be met by new borrowing, would be $165 millions, being reduced or expanded *pro rata* as the war expenditure is limited or extended—assuming, of course, that other expenditures are not increased, and that revenue from the new taxation is not larger than is anticipated, though, as the estimates appear conservative, it may well be.

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The amount of the net debt of the Dominion at March 31st, 1916, was $555,027,543 against $408,122,215 at March 31st, 1915, and $335,996,850 at March 31st, 1914—before the war. The increase in debt during the last fiscal year is therefore $147 millions and for the two years just over $222 millions. Of this increased debt, capital expenditure on public works and railway subsidies apparently accounts for some $70 to $75 millions, leaving the war responsible for an increase in the debt to the end of the last fiscal year of, in round figures, about $145 millions. In this connection, it is to be remembered that direct military expenditure is not the only way in which the war has increased Canada's debt. The reduction in the proportion of gold held against the issues of Dominion notes has had a perceptible effect. It needs also to be remembered that the bulk of the debt existing prior to the war was re-productive debt—it represented mainly capital expenditure on public works which had a definite utility and in some cases were producing a satisfactory revenue. The expenditures had not always, perhaps, been made very wisely or economically, but in the

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