

THE STATISTICAL AND SOCIAL INQUIRY SOCIETY
OF IRELAND

AN ANALYSIS SHEWING THE OBJECTS
OF EXPENDITURE AND THE SOURCES
OF REVENUE DURING THE FINANCIAL
YEARS 1924-25 to 1929-30

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Read, 14th November, 1930

Expenditure

In this paper I have endeavoured to place on record in a concise manner the nature of the Expenditure by the Irish Free State during recent years, and in particular the items in the Expenditure which led to a deficiency of Revenue; how Revenue has been raised, and a note of the abnormal items in Revenue.

Table No. 1.—BUDGET DEFICITS.

The excess of Expenditure above Revenue in the last six years is shown in the following table:—

EXPENDITURE—	1924-25	1925-26	1926-27
Central Fund	£2,997,585	£2,874,054	£3,133,192
Supply Services	24,482,549	23,346,584	23,891,945
	<u>£27,480,134</u>	<u>£26,220,638</u>	<u>£27,025,137</u>
REVENUE—Tax and Non-Tax	26,948,114	25,439,097	25,060,379
Deficiency	<u>£532,020</u>	<u>£781,541</u>	<u>£1,964,758</u>
EXPENDITURE—	1927-28	1928-29	1929-30
Central Fund	£3,825,368	£3,978,129	£4,198,342
Supply Services	22,255,318	21,416,505	20,851,719
	<u>£26,080,681</u>	<u>£25,394,634</u>	<u>£25,050,061</u>
REVENUE—Tax and Non-Tax	24,123,270	24,221,046	24,172,639
Deficiency	<u>£1,957,411</u>	<u>£1,173,588</u>	<u>£877,422</u>

This does not represent the Debt position in its entirety because in addition there have been liabilities created under the Telephone, and other Acts, and the position in March, 1929, compared with that in March, 1924, is shown by the following extracts from the Finance Accounts for those years.

ON 31ST MARCH, 1924.	ON 31ST MARCH, 1929.
Outstanding Debt ... £13,779,714	Outstanding Debt ... £22,528,834
Borrowing from Capital issues under Telegraph Acts ... 138,011	Capital Liability—
	In respect of Dáil Eireann Loan, 1919-20 ... 100,000
	Under Telephone Acts, 1924-27 ... 755,448
	Under Telegraph Acts, 1892-1921 ... 115,761
	Under Public Offices, Dublin, Act, 1903 ... 60,419
	Under Railways Act, 1896, and Marine Works (Ireland) Act, 1902 ... 74,288
	Under Land Acts, 1923 and 1927 ... 437,940
<u>£13,917,725</u>	<u>£24,072,140</u>

The figures for 1929 are complete but those for 1924 are not. Direct comparison is valid only in respect of the Outstanding Debt.

EXPLANATORY NOTES.

(See Table No. 2 opposite).

- (a) In certain votes it has been necessary to divide the total as shown in the vote figures, and this is indicated by letters "pt" (for part). The vote reference given is to the Estimates for 1929-30. The column for 1924/25 shows a division based upon the analogy of that made in subsequent years by the Minister but not outlined by him in any speech.
- (b) The figures for Local Loans indicate the sums which have been advanced to the fund opened in 1927-28. The balance of the vote represents repayments in respect of loans granted prior to 1922, and is excluded from this summary as a repayment of capital balanced by the sums accounted for in Revenue Receipts. The actual sum received for Local Loans in 1929-30 was £604,134 15s. 9d., and the sum paid out, which has been excluded from these summaries, was £600,000, (paid to Great Britain).
- (c) The amounts shown under this heading are estimates. The decision as to how much of the expenditure on new buildings is to be treated as capital and how much charged to Revenue is not easy to arrive at, and the amount is, therefore, only approximate.
- (d) This figure is the excess over £2,000,000 in years 1925/26 and 1926/27, and over £1,500,000 in 1927-28 and 1928-29. In 1929-30 the estimated cost was below £1,500,000, so that no question of excess cost arose. The cost in 1924/25 was £3,003,164, and is shown in Table No. 6.

The next step is to ascertain the items in the current expenditure from Central Fund and Supply Service Votes, which led to this deficiency, and for that purpose the following table of abnormal, special or non-recurrent items has been compiled. The totals represent the portion of the expenditure for which the Minister for Finance did not purpose to make payment out of Revenue. The figures are smaller than those outlined in his Budget speeches, because the expenditure usually fell short of the figure estimated. In so far as Revenue exceeded the estimates it was used to meet expenditure, and the balance only was added to the National Debt.

Table No. 2.—ABNORMAL EXPENDITURE (a).

	Finance and Appropri'n Accounts, 1924/25	Finance and Appropri'n Accounts, 1925/26.	Finance and Appropri'n Accounts, 1926/27.	Finance and Appropri'n Accounts, 1927/28.	Finance and Appropri'n Accounts, 1928/29.	Estimates, 1929/30.	Vote No. 1929-30
	£	£	£	£	£	£	
Local Loans Fund (b)	107,000	50,000	500,000	284,000pt	142,000pt	335,000pt	8
Public Works (c) ...	212,960pt	250,000pt	336,041pt	202,510pt	244,923pt	178,000pt	11
Property Losses Com- pensation ...	2,207,888	1,690,755	1,680,058	689,161	415,469	872,700	14
Personal Injuries Com- pensation ...	312,926	17,493	4,329	—	—	—	—
Army (excess) (d) ...	—	804,595pt	309,720pt	467,935pt	260,646pt	—	—
Advance to National Land Bank ..	300,000	—	—	—	—	—	—
Compensation Royal Dublin Society ...	68,000	—	—	—	—	—	—
Grant to Aonach Tailteann ...	7,500	—	—	—	7,500	—	—
Revenue Adjustment with Gt. Britain ...	224,653	—	—	—	—	—	C.F.
Advance to Agricul- tural Societies ...	—	29,004	31,722	18,251	9,284	—	—
Advance to Wolfhill Colliery ..	—	58,032	—	—	—	—	—
Advance to Cream- eries ..	—	—	196,513pt	26,754pt	365,682pt	95,000	52
Capital Expenditure on Faculties of Agriculture and Dairy Science ..	—	—	—	31,463pt	16,000pt	27,250pt	52
Balance on Loans for Agricultural Pur- poses over repay- ment. ..	—	—	—	—	—	2,900pt	52
Grant to Forestry Fund ...	—	—	—	25,000pt	25,000pt	25,000pt	53
Land Commission ...	—	—	—	174,000pt	228,200pt	61,650pt	55
Army Pensions ...	—	—	—	—	75,000pt	25,000pt	65
Repaym ^{en} t Dáil Loan (1919-1920) ...	—	—	—	300,000	75,000	34,000	C.F.
Agricultural Credit Corporation ..	—	—	—	73,071	73,071	147,651	C.F.
	£3,500,427	£2,899,939	£3,058,383	£2,192,150	£1,982,725	£1,804,151	

At the end of 1924 the problem of dealing with the heavy expenditure through having to meet abnormal items had become serious. Were they to be paid for out of increased taxation or by borrowing?

The special committee appointed by the Dublin Chamber of Commerce drew up a Report in February, 1925, commenting upon many points in connection with Budget Finance, and calling special attention to the character of this expenditure. They recommended that such items as were abnormal, seeing that they arose from liabilities incurred in the setting up of the Free State Government, and which at the same time were non-recurrent, should be paid for by borrowing.

Broadly speaking this has been the procedure followed by the Minister, and his policy was set out in the Budget speech of April, 1929, as follows:—

“ It is now four years since we adopted the policy of dividing expenditure into two classes—one normal, to be met out of revenue, and the other abnormal, to be met by borrowing. In the latter class we have included certain capital expenditure which did not take the form of advances under specific statutes, such as the Shannon Electricity Act, the Electricity Supply Act, or the Telephone Capital Act; but the abnormal expenditure has for the most part been of a non-capital character. It created no assets, and in so far as it was actually met by borrowing and not out of surplus revenue, it increased the burden of dead-weight debt.

“ The volume of abnormal expenditure has, however, fallen very rapidly since 1925-26. In that year it amounted to £3,837,000, though a certain part of that total should be excluded for the purpose of strict comparison. In the following year it sank to £3,250,000. In 1927-28 it was £2,410,000, while last year it was only £1,397,000. In the present year it will again be very substantially down, and we may reasonably hope that in the year 1930-31 the expenditure of the kind which has hitherto been classed as abnormal will include very little in addition to whatever sum may be required for the Local Loans Fund. Though the total outlay under the various heads which have been treated as abnormal has amounted in the past four years to £10,894,000, the sums which have been actually borrowed against it do not reach anything like so high a figure.”—Dáil Debate, 24th April, 1929, col. 755.

A critical examination of the items appearing in the table (No. 2) discloses the fact that all did not pass the double test of being both abnormal and non-recurrent. This defect might have given rise to serious criticism were it not for the fact that surpluses of Revenue were used automatically to meet all expenditure and, therefore, in actual fact only a portion of the abnormal total was paid for by borrowing.

The position is illustrated by tabulating for comparison (a) the deficiency in Revenue, (b) the abnormal items, and (c) a series of figures quoted by Mr. Blythe in his Budget speech, April, 1929.

Table No. 3.

	(a)	(b)	(c)
	Deficiency in Revenue	Table of Abnormal, etc., Items	Figures from Budget Speech
1924-25	£532,020	£3,500,427	—
1925-26	781,541	2,899,939	£3,837,000
1926-27	1,964,758	3,058,383	3,250,000
1927-28	1,957,411	2,192,150	2,410,000
1928-29*	1,173,588	1,932,725	1,397,000
	£6,409,318	£13,583,624	

There was, therefore, an abnormal expenditure from 1924 to 1929 of £13,230,113; of which half has been met from Revenue and half merged in the general liabilities of the State. Of the amount £7,000,000 was paid for Property Losses and Personal Injuries Compensation, and the other abnormal items were, therefore, actually paid for out of Revenue.

ABNORMAL RECEIPTS.

On the Revenue side, however, there were also many abnormal and non-recurrent items of which particulars are set out opposite, and in addition to what is given in Table No. 4, we have to record that during the year 1928/29 the Minister was able to reckon upon an earlier collection of Schedule A. Tax which yielded an extra £150,000, and a reduction in the brewers' credit by one month, which yielded an extra £300,000. Further, in every year there had been collected arrears of Income Tax amounting to a large sum.

Included among the items described as " Miscellaneous " in the table of Revenue shown on page 13 will be found the following items:—

	Table No. 4.					Estimate
	1924/25	1925/26	1926/27	1927/28	1928/29	1929/30
	£	£	£	£	£	£
Property Losses paid by Gt. Britain	428,165	640,529	91,481	—	—	—
Personal Damage paid by do.	2,311	68,810	—	—	—	—
Moneys of Trustees Dáil Eireann	—	43,343	3,193	65,300	—	—
Sale of National Land Bank ...	—	—	190,005	—	—	—
Wound up Dept. Funds ...	—	—	547,510	322,555	79,657	—
Agricultural Credit Societies ...	—	—	—	—	6,173	27,495
Refund Deposit U.S.A. Dáil						
Fund Litigation ...	—	—	—	10,917	—	—
Received from Gt. Britain:						
Revenue collected attributable to Saorstát Eireann ...	—	—	—	80,298	983	—
From Nat. Health Insurance	—	—	—	23,628	5,583	—
Dairy Disposals Boards ...	—	—	—	—	25,000	25,324
Repayment of Advance to Nat. City Bank, Ltd., 1924/25 ..	—	—	—	—	—	200,000
	<u>£430,476</u>	<u>£752,682</u>	<u>£832,189</u>	<u>£502,698</u>	<u>£117,396</u>	<u>£252,819</u>

It must, therefore, be recognised that with the passage of time abnormal conditions have disappeared, and the procedure of dealing with expenditure of a capital character deserves careful consideration. It is essential that the Budget should be balanced, and if expenditure is incurred which requires that money should be borrowed it would be desirable to make provision for that by means of a special fund, into which money would be voted by the Dáil, from which payment would issue, and which would receive the annual income necessary to meet Interest and Sinking Fund charges. This suggestion is tentative; it may be technically unsuitable, but the material point lies not in the method of treatment but in the admission of the general principle. Borrowing would then be confined to reproductive expenditure, would not form part of the Budget, and it would be possible to ascertain at the end of each financial year how the Budget had been balanced.

NORMAL ITEMS OF EXPENDITURE.

The tabulated figures as they appear in the Public Accounts do not present a clear picture of the objects of expenditure. Items of a similar character are separated from one another, there is no effort to summarise the figures into several groups, and no distinction is made between normal expenditure and that which is exceptional. The latter point is of great importance in view of the abnormal conditions consequent on the setting up of the Free State, and the policy of the Minister for Finance in not meeting all the expenditure out of Revenue.

An effort has been made in the notes to segregate the whole expenditure, both the Central Fund and the 66 Public Service Votes, and to gather into a manageable number of groups items of a similar character.

The grouping adopted is tentative; for certain purposes a different division could be arrived at, but it affords a useful basis for comparison. The division of expenditure between normal, abnormal and special has involved a division of the vote totals which is explained in the notes following each group. The regrouping of normal expenditure in appropriate sections has necessitated a further division. There are other forms of grouping which could be followed, but a much greater sub-division would be necessary, and, for the preliminary comparison, it has been thought desirable to restrict the division as much as possible.

As the object is to achieve a comparison of departmental expenditure over a period the figures used are those contained in the Appropriation Accounts rather than those in the Finance Accounts which record the cash payments made within the period of the Budget year, and, moreover, it is only in the Appropriation Accounts that the necessary details are forthcoming to enable votes to be divided.

Table No. 5.

	Finance and Appropri'n Accounts, 1924/25	Finance and Appropri'n Accounts, 1925/26	Finance and Appropri'n Accounts, 1926/27	Finance and Appropri'n Accounts, 1927/28	Finance and Appropri'n Accounts, 1928/29	Estimates, 1929/30	Vote No.
Central Govt.							
Governor-General—							
Establishment	£ 7,515	£ 6,786	£ 6,612	£ 6,009	£ 6,123	£ 6,060	1
Salary ...	10,000	10,000	10,000	10,000	10,000	10,000	C.F.
Oireachtas	94,107	95,931	95,522	98,330	116,592	121,052	2
Temp'ry Commissions	26,432	25,862	20,490	11,817	9,941	10,738	9
Electoral Expenses ..	26,573	21,341	28,760	29,587	17,445	19,000	20
" "	27,658	44,969	6,710	93,677	10,820	8,402	C.F.
Dept. of President ..	13,407	13,042	12,566	11,283	10,815	12,073	3
	£205,782	£217,921	£180,669	£260,703	£181,736	£182,375	
Finance							
Office of Minister ..	55,121	59,695	56,088	55,167	55,956	61,239	5
Quit Rent Office ..	—	—	4,093	3,859	3,922	4,080	30
Exchequer and Audit	14,802	16,240	16,736	16,207	15,459	17,242	4
Civil Ser. Commissioner	5,834	7,244	7,151	10,771	10,216	12,283	13
Sal. Con. & Aud.-Gen	1,500	1,500	1,500	1,500	1,500	1,500	C.F.
Revenue Department	626,833	664,430	685,007	630,360	631,703	600,300	6
Service of Debt ..	858,211	899,572	1,082,663	1,229,644	1,519,478	1,708,222	C.F.
Managemt. Gv. Stks.	—	11,465	—	5,905	7,243	8,950	68
Annty. D'ge. to Prop	—	—	—	—	217,441	285,910	C.F.
	£1,562,414	£1,663,146	£1,853,245	£1,953,413	£2,465,918	£2,709,726	
Local Government							
Dept. Local Govt. (e)	90,339pt	83,299pt	87,337pt	86,043pt	95,713pt	88,582pt	40
Local Taxation Grants	424,481	439,896	471,646	446,529	472,787	437,998	C.F.
	£514,820	£523,186	£558,983	£532,572	£568,500	£526,580	
Foreign Affairs							
Office of Minister ..	40,654	40,941	41,541	40,138	41,964	50,392	66
League of Nations ...	3,999	4,617	7,890	7,209	7,860	8,285	67
	£49,653	£45,558	£48,981	£47,892	£49,824	£58,677	
Pensions							
Sup. & Ret. Allow. (f)	1,709,467	1,751,650	1,762,948	1,739,447	1,728,040	1,778,400	16
Army Pensions (g) ..	147,638	136,865	200,382	226,758	150,948pt	228,473pt	65
Judicial Pensions ..	32,252	41,515	88,166	36,760	33,722	30,910	C.F.
Other Pensions ..	1,000	1,000	1,000	1,000	1,000	1,000	C.F.
	£1,890,357	£1,931,030	£2,002,491	£2,008,960	£1,913,710	£2,038,783	
Law and Police							
Office of Minister ..	31,253	27,919	27,161	27,880	28,079	38,869	31
Judges' Salaries ..	56,134	38,835	39,737	72,600	74,656	77,570	C.F.
Supreme and H. Crts	118,040	117,948	60,437	58,902	51,614	54,256	35
Circuit Courts ..	68,257	72,176	71,894	59,026	57,010	53,045	37
District Courts ..	37,406	41,340	46,529	12,949	45,306	39,822	34
Law Charges ...	61,571	60,072	30,143	95,718	70,221	63,131	26
Land Registry ..	—	—	49,677	47,488	46,555	49,101	36
Public Record Office	6,754	6,356	5,775	5,640	5,614	5,433	38
Garda Siochana	1,418,917	1,395,741	1,472,080	1,558,588	1,575,683	1,559,308	32
Secret Service ..	19,665	8,905	2,970	6,649	3,724	10,000	18
Prisons Board ..	145,923	126,285	127,217	110,216	102,424	99,562	33
Dundrum Asylum ..	12,531	13,247	13,249	13,430	13,110	13,704	42
	£1,976,451	£1,911,914	£1,996,889	£2,068,481	£2,073,996	£2,069,804	

- (e) The figures shown for the Department represents the remainder after the expenditure on Housing, Tuberculosis, etc., has been transferred to the Social Group.
- (f) Items of Superannuation appear in other votes, but it has not been thought necessary to segregate them. They are small in amount except in the Post Office vote.
- (g) An additional sum for Army Pensions is charged to Capital Account in 1928-29 and in 1929/30. (See Table No. 2.)

Table No. 5—Continued.

	Finance and Appropri'n Accounts, 1924/25	Finance and Appropri'n Accounts, 1925/26	Finance and Appropri'n Accounts, 1926/27	Finance and Appropri'n Accounts, 1927/28	Finance and Appropri'n Accounts, 1928/29	Estimates, 1929/30	Vote No.
Education	£	£	£	£	£	£	
Office of the Minister	—	165,870	166,604	160,537	161,677	167,922	45
Primary Education ..	3,554,743	3,467,566	3,517,452	3,576,548	3,614,727	3,611,353	46
Secondary Education	167,609	263,047	240,553	262,232	282,111	300,800	47
Technical Education	176,727	140,179	151,424	145,667	143,411	147,957	48
Universities and Colls.	107,890	107,800	175,300	153,000	157,824	153,990	28
Science and Art ..	57,971	57,498	43,899	32,982	32,905	32,969	49
National Gallery ...	4,152	4,265	4,154	4,081	4,145	4,149	51
Endowed Schools ..	991	—	—	—	—	—	—
Reform. & Ind. Schls.	97,368	100,473	106,905	118,889	116,431	115,048	50
	£4,167,361	£4,306,193	£4,406,291	£4,448,436	£4,513,231	£4,534,188	
Commerce and Fisheries							
Office of the Minister (h)	126,177pt	147,867pt	113,024pt	112,689	104,796	105,900	56
Railways Act, 1924 ..	62,447	75,847	65,033	53,537	53,772	53,126	57
Railway Tribunal ...	3,840	7,914	7,202	7,200	6,958	7,390	58
Marine Service ...	10,125	7,618	8,110	7,541	5,812	6,712	59
Minister for Fisheries	86,776	30,734	32,123	32,774	29,414	32,337	54
Rural Industries ...	14,360	3,403	7,244	7,541	6,625	10,560	54
Haulbowline ...	11,593	14,556	15,637	17,095	18,533	12,100	27
Tariff Commission ..	—	—	60	459	1,426	1,344	19
Indus. Prop. Regstrtn.	—	—	—	6,702	20,290	21,306	61
	£265,813	£292,939	£248,488	£250,533	£252,676	£253,065	
Agriculture (i)							
Office of Minister ...	239,981	315,754	361,051pt	320,172pt	342,314pt	329,624pt	52
Forestry Fund ...	22,823	30,743	37,467	26,676pt	27,041pt	31,803pt	53
Land Commission ...	689,003	552,433	563,868	463,457pt	353,453pt	485,726pt	55
Beet Sugar Subsidy ..	—	—	181,502	265,500	253,738	103,334	29
Agricultural Grant ...	599,011	599,011	599,011	599,011	599,011	599,011	C.F.
Agr. Grant. Supplmtl.	—	599,011	599,011	599,011	599,011	599,011	25
Advs. Ag. Cr. Acts ..	—	—	—	—	9,813	12,896	C.F.
	£1,550,323	£2,096,952	£2,341,910	£2,275,327	£2,189,431	£2,166,405	
Social							
Old Age Pensions (k)	2,768,359	2,577,306	2,540,793	2,570,287	2,724,462	2,741,800	7
N.H. Insurance Com.	267,953	256,614	272,330	323,993	325,906	333,502	43
Unemployment Ins. ..	269,561pt	192,738pt	223,435pt	229,953	220,659	221,499	60
Housing ...	356,733pt	346,659pt	283,454pt	244,692pt	203,682pt	267,575pt	40
Tuberculosis, etc. ...	69,532pt	73,746pt	75,301pt	84,173pt	94,900pt	106,396pt	40
Charitable Donations	2,913	3,035	3,053	3,136	3,067	3,164	39
Hspitl. and Infirmarys	16,723	16,727	16,723	16,223	16,223	13,293	44
Relief Schemes	330,957	336,464	30,443	101,224	27,430	—	—
Wireless Broadcasting	—	3,451	19,264	26,303	24,531	26,510	63
	£4,132,431	£3,811,740	£3,479,311	£3,605,495	£3,646,005	£3,714,744	
Army	£3,003,164	£2,000,000pt	£2,000,000pt	£1,500,000pt	£1,500,000pt	£1,442,531	64

(h) The figures for the Office of Minister is the balance after transferring the cost of Unemployment Insurance. In the 1927-28, 1928-29 and 1929-30 estimates this is shown on a separate vote. The Fisheries vote has been divided so as to show the amount spent on rural industries.

(i) The transfer of items from the total of the Office Vote to the Special Group in the year 1929-30 is in accordance with Mr. Blythe's Budget Speech. It will be noted that for the current year the sum of £61,650 has been so transferred from the Land Commission Vote.

(k) Included in the cost of the Revenue Department is a sum of £76,770, being part of the cost of administering the Old Age Pension vote.

Table No. 5—Continued.

	Finance and Appropri'n Accounts, 1924/25	Finance and Appropri'n Accounts, 1925/26	Finance and Appropri'n Accounts, 1926/27	Finance and Appropri'n Accounts, 1927/28	Finance and Appropri'n Accounts, 1928/29	Estimates, 1929/30	Vote No.
	£	£	£	£	£	£	
Post and Tele. (l)	£2,386,100	£2,384,992	£2,298,847	£2,311,936	£2,280,250	£2,258,435	62
Miscellaneous (m)							
Personal Injur. Comp.	—	—	—	4,495	3,289	3,900	15
Office Public Works	81,851	78,514	108,912	108,583	94,708	101,700	10
Public Works, Bldgs.	407,549pt	368,711pt	350,014pt	490,704	419,139	428,713pt	11
State Laboratory ...	6,148	6,715	6,847	6,447	6,431	6,971	12
Stationery Office ...	151,472	122,981	116,682	117,412	104,586	115,995	22
Rates on Govt. Prop.	106,268	89,027	83,126	80,311	80,979	86,310	17
Ordnance Survey ...	44,986	44,948	45,421	45,188	44,473	44,614	24
Val. and Bdry. Survey	84,827	32,744	33,159	31,960	31,452	34,156	23
General Register Office	15,117	8,918	6,481	9,159	10,866	10,886	41
Sundry Salaries ...	1,389	1,389	1,389	1,150	1,389	1,389	C.F.
Miscellaneous ...	7,480	7,515	7,224	9,017	9,371	8,720	21
Contingency Fund ...	1,171	258	498	743	5,976	1,727	78
Coal Emer. Fund ...	—	—	99,664	578	10,736	—	72
O'Higgins Settlement	—	—	—	20,000	—	—	69
Liquor Acts, 1927 ...	—	—	—	—	—	50,700	—
R.I.A.C. Grant ...	—	—	—	—	—	3,000	—
	£857,758	£761,720	£858,817	£920,697	£823,300	£898,281	

(l) This vote represents the gross expenditure on the Department. The gross receipts are treated as revenue in the National Accounts. A clear way of showing what takes place would be to bring into the estimate the deficit or surplus which may result in any year. During the years under review the actual revenue received—or estimated to be received—was £1,720,000, £1,690,000, £1,690,000, £1,750,000, £1,780,000, and £1,800,000, and the effect on the revenue was to require the Minister to raise by taxation the sums of £666,100, £644,992, £608,847, £561,936, £450,250, and £458,435.

(m) The items for Public Works cover repairs, upkeep of all buildings, necessary supplies, such as coal, etc., and sundry expenses. It includes very considerable sums for expenditure on National Schools. Part of the vote has been transferred to the "Special Group" as being in the nature of capital or exceptional expenditure. The precise division is largely a matter of estimate.

Table No. 6.—SUMMARY OF GROUP TOTALS (000's omitted).

	1924/25	1925/26	1926/27	1927/28	1928/29	1929/30
	£	£	£	£	£	£
Central Government ...	206	218	181	261	182	182
Finance ...	1,562	1,660	1,853	1,953	2,466	2,170
Local Government ...	515	528	559	533	569	527
Foreign Affairs ...	50	46	49	47	49	59
Pensions ...	1,890	1,931	2,002	2,004	1,914	2,039
Law and Police ...	1,976	1,912	1,996	2,068	2,074	2,070
Education ...	4,167	4,306	4,406	4,448	4,513	4,534
Commerce and Fisheries .	265	293	248	251	253	253
Agriculture ...	1,551	2,097	2,342	2,276	2,189	2,166
Social ...	4,132	3,812	3,479	3,605	3,646	3,715
Army ...	3,003	2,000	2,000	1,500	1,500	1,443
Posts and Telegraphs ...	2,386	2,335	2,299	2,312	2,230	2,258
Miscellaneous ...	858	762	854	921	823	898
	£22,561	£21,900	£22,268	£22,179	£22,468	£22,854

This table enables a comparison to be made of nearly all the items of expenditure: it is not complete. The omissions are noted below and consist of (a) payments to the Road Fund, because whatever is received is automatically paid out, and the transaction

is really in the nature of a transfer; (b) payments in respect of local loans because of their special character. (See note on page 4.)

The figures for 1929/30 are taken from the Estimates, and when the appropriation accounts are issued it will be known how far the items on the individual accounts vary from those given above. It is clear that there must be a change in some of the votes because the total expenditure was about £600,000 below what was estimated. That would indicate that the final total for normal expenditure dealt with in these summaries was probably a little below that for the year 1924/25. The whole of the saving was not effected on the normal votes.

While the total expenditure does not show a great variation as between the first and last columns, changes have taken place in the individual groups, the most striking of all being in the Army vote, where there is a reduction of £1,550,000. The comparison here is made of the complete Army expenditure in each year, as none was transferred to the abnormal table in 1924/25. The reduction so achieved is off-set by an increased expenditure in the Finance group of £1,147,000 (of which over one million is in respect of Debt services and Annuity charges), together with an increase on the Educational votes of £367,000. Then there is also to be noted an increase on the Agricultural votes off-set by a decreased amount spent on what are described here as Social services.

Other changes of interest will be noted on closer examination, but these are the most important.

Represented in percentages the variation of these items in relation to the total normal expenditure is as follows:—

	FINANCE	EDUCATION	AGRICULTURE	SOCIAL	ARMY
1924-25 ...	6.9	18.5	6.9	18.5	13.3
1929-30 ...	11.8	19.9	9.7	16.1	6.3

The following are brief comments on some of the changes in the various sections:—

CENTRAL GOVERNMENT.—The group total is reduced in comparison with 1924/25 because the Electoral expenses in the current year are light showing a saving of £32,000, and there is also a reduction in the cost of Temporary Commissions from £26,000 to £10,000. On the other hand there is an increase in the cost of the Oireachtas of over £30,000, due presumably to the larger number of Deputies now attending.

FINANCE.—Debt service shows an increase of £850,000, and the Annuity for Damage to Property stands at £235,000 (an item which did not appear in 1924/25); there is also an increase in the Revenue department of £34,000, the total now being £660,000, so that part of the extra cost of operating Customs Service has apparently been off-set by economies in other directions.

The increased cost of the Debt Service is made up as follows:—

	1924/25	1929/30
	£	£
Ways and Means Advances and Free State Bills ...	96,682	107,445
Interest on National Loans, Compensation Stock, etc. ...	483,457	836,131
Sinking Fund and Redemption of other issues ...	277,720	584,981
Saving Certificates paid off ...	352	63,665
Provision for Interest accruing on Savings Certificates ...	—	150,000
	<u>£858,211</u>	<u>£1,742,222</u>

Interest is more because of the issue of further Loans. Sinking Fund payments are high and indicate a rapid rate of redemption. Provision was made in the Finance Act, 1929, for the large and increasing liability for interest on Savings Certificates. The cash received for these amounted at March, 1930, to £4,808,725, 20% of the total debt. The full extent of liability is concealed because interest becomes payable only when the certificates are cashed at or before maturity, and unless provision were made none of the cost of borrowing would be borne by the revenue of the year.

LOCAL GOVERNMENT.—What is described here as the cost of the department covers the administration expense, salaries, etc., of all the work done, including that in connection with the special grants for Housing, Tuberculosis, Child Welfare, which are noted in the "Social" group. Local Taxation Grants are shown here, but not the Agricultural Grants specifically devoted to the relief of farmers. (See Agriculture.)

PENSIONS.—The cost has risen in this group: this is due to the Army Pensions vote. All such payments are abnormal, but most of them will recur for so many years to come that revenue must be raised to meet their cost. Certain non-recurrent payments have been transferred to the abnormal group. (See table.) The items in this group represent what is paid in the form of Superannuation mainly arising from the Treaty. Old Age Pensions are classified under Social.

EDUCATION.—The cost of these services shows, as might be expected, a steady rise, the actual increase being £367,000, representing $8\frac{1}{2}\%$ above the figure for 1924/25.

COMMERCE.—The items in this group are all connected with the industries of the country, and the Fishery vote has been divided in such a way as to show the expenditure on Rural Industries. It may be noted that the cost of administering the new act dealing with Industrial Property Registration is over £20,000, and is a permanent addition to the expenditure; during 1929/30 there were receipts amounting to £41,411 for fees, etc. This is noted as a matter of special interest and not to convey any suggestion that public revenue can be normally earmarked against each item of expenditure.

AGRICULTURE.—The increase arises from (a) the extra cost of administering the department, extension of premium grants, etc., amounting to £139,000; (b) the supplementary grant to Agriculture amounting to £599,011 was voted in 1925/26; (c) Sugar Beet Subsidy appeared first in 1926/27, and amounted last year to £108,334, and there is a new item, Advances to the Agricultural Credit Societies, amounting to £12,896. The total increase would have been very much larger were it not for the different treatment of the Land Commission vote. In 1924/25 there was no suggestion that any of this vote should be regarded as belonging to the abnormal group. The figure so transferred to 1929/30 is £61,650; a smaller amount than was so spent in either of the two previous years. As this expenditure is partly abnormal and certainly recurrent, it is to be hoped that in future revenue would be found to meet it, and it would no longer increase the total of Debt charges.

SOCIAL.—In this group the reduction is attributable almost wholly to the cessation of expenditure upon relief schemes; this amounted to £380,957 in 1924/25. There is also a reduction of £48,000 in Unemployment Insurance and £89,000 in Housing grants; the grants for Tuberculosis and Child Welfare have, on the other hand, increased by £36,000; the expenditure on Wireless Broadcasting has been included in this section, for the current year it amounts to £26,510. The increase in the National Health Insurance expenditure also attracts attention; the amount expended increased to £333,502 as compared with £267,953 in 1924/25.

MISCELLANEOUS.—The largest item in this group is the vote covering expenditure on public buildings, repairs, upkeep, supplies such as coal for offices, etc. The main cost of re-building the Post Office, Custom House, Four Courts is transferred to the abnormal group. No precise division of this expenditure is possible. Seeing that every year unsuitable and inadequate buildings must be replaced or enlarged, all such cost should be met by raising revenue against it, and only the very exceptional expenditure referred to above could possibly be paid by borrowing.

The other items are of a very general character and it would be of little advantage to allocate them against various departments and so distribute their cost over the groups.

Revenue

IN order to illustrate how the Revenue is raised several tables are given showing the sums received over a period of six years. Details regarding sums borrowed on capital account or by Bills or by Ways and Means advances are excluded.

Table No. 7—REVENUE FROM TAX AND NON-TAX SOURCES (000's omitted)
(excluding borrowing for capital or repayment of capital issues).

	1924-25	1925-26	1926-27	1927-28	1928-29	1929-30
	£	£	£	£	£	£
Customs (See details on page 14)	7,738	6,958	6,836	6,720	7,159	7,337
Excise	7,532	6,336	6,702	6,597	6,794	6,437
Estate Duties	787	1,022	952	1,285	1,044	1,180
Stamps	473	508	456	484	474	431
Propy., Inc. & Super Tax. (a)	5,910	5,667	5,063	4,320	4,307	3,966
Corpn. Profit Tax	248	488	400	273	239	220
Excess Profits Tax	57	101	56	51	133	162
Miscellaneous (exc. Local Loans) and Contributions from Co. Councils	892	1,101	1,259	1,009	690	1,139
TOTAL	23,637	22,181	21,724	20,739	20,840	20,872

The figures are shown in this particular form because it is desirable to ascertain the total of those sources of revenue which are really available to meet normal expenditure.

Local Loans are excluded because in dealing with the analysis of expenditure this item was not included amongst Normal Expenditure.

The sum received from Motor duties is merely transferred to the Road Fund; whether the amount is large or small does not affect the Budget calculation: it will be noted that the payments to the Road Fund have been likewise excluded when dealing with the Expenditure side of the account.

The money received for the Post Office Services is shown below. This service requires separate treatment and should be taken out of the Accounts except in so far as it entails a loss or a surplus; this has been done in Great Britain and the change is one which might usefully be followed here.

	1924/25	1925/26	1926/27	1927/28	1928/29	1929/30
	£	£	£	£	£	£
LOCAL LOANS	830	772	765	674	723	604
RECEIPTS PAYABLE TO ROAD FUND—						
Motor V. Duty	458	517	612	666	730	868
Contributions from Co. Councils: Damage to Property Act, 1923 ..	303	279	269	294	148	29
POST OFFICE RECEIPTS—						
Postal	1,181	1,165	1,165	1,210	1,240	1,220
Telegraph	251	235	230	230	205	212
Telephone	288	290	295	310	335	368
TOTAL	£1,720	£1,690	£1,690	£1,750	£1,780	£1,800

IN Table No. 7 Customs duties have been entered as one total, but the details of this group are of importance; they are given each year in the Finance Accounts in great detail, and the principal items have been summarised in the table on following page.

(a) Standard rates of Income Tax were 5/-, 5/-, 4/-, 3/-, 3/-, 3/-, in the £.

Table No. 8.—CUSTOMS DUTIES.

COMMODITY	1924-25	1925-26	1926-27	1927-28	1928-29
Beer and Spirits	£1,010,664	£924,577	£906,165	£867,016	£897,528
Cider, Perry and Table Waters ..	6,393	6,061	4,800	4,371	4,392
Tobacco and Snuff	3,277,514	3,226,466	3,225,236	3,149,153	3,346,286
Wine	280,096	204,687	240,063	255,489	253,795
SUB-TOTAL	£4,524,667	£4,361,791	£4,376,264	£4,276,979	£4,507,001
Cocoa, Coffee and Chicory	£120,309	£90,157	£77,340	£80,866	£81,888
Fruit (dried or otherwise preserved without sugar)	31,907	85,876	85,962	89,853	41,550
Sugar: Refined and Unrefined	1,881,605	849,798	743,464	676,821	856,680
Molasses and Glucose	46,878	12,744	16,042	16,460	20,918
Saccharine and articles con- taining same or sugar	32,827	18,674	14,982	14,154	17,476
Sugar Confectionery	161,777	133,406	108,720	86,299	76,513
Tea (a)	423,188	19,652	10	—	—
SUB-TOTAL	£2,698,441	£1,160,307	£996,520	£914,453	£1,094,970
Bedsteads	—	£4,670	£3,823	£3,601	£4,764
Blankets, Blanketing and Rugs	—	3,944	4,481	5,660	7,313
Boots and Shoes	£225,207	272,229	264,108	279,855	257,207
Bottles and Jars, Glass	8,814	30,382	32,978	30,561	14,556
Candles	1,985	2,579	1,517	1,218	1,251
Clothing and Apparel	—	584,318	661,782	655,233	645,592
Furniture	—	47,252	45,514	44,101	40,654
Margarine	—	—	—	3,174	1,440
Matches	45,087	41,363	39,314	33,518	32,640
Oatmeal	—	—	15,733	7,595	8,545
Rosaries and Parts	—	—	—	551	1,909
Soap, Soap Substitutes and Powders	13,758	35,054	44,103	42,778	23,047
Woven Tissues of Wool and Worsted (c)	—	—	—	—	8,130
SUB-TOTAL	£289,851	£1,051,791	£1,113,348	£1,106,776	£1,056,066
Cinematograph Films	£13,148	£13,244	£13,204	£17,375	£18,902
Clocks, Watches and Parts	16,188	16,262	15,751	14,514	18,837
Motor Cars and Cycles, Parts and Accessories	292,235	305,966	253,579	255,119	472,058
Musical Instruments, Parts and Accessories	29,424	23,806	21,107	26,044	32,752
Wireless Apparatus	—	—	20,019	26,578	27,178
SUB-TOTAL	£350,995	£358,778	£323,660	£339,630	£569,727
Customs Entry Duty	28,354	42,724	£40,119	£42,400	£41,306
Miscellaneous	4,069	2,690	2,321	3,175	2,617
SUB-TOTAL	£32,423	£45,414	£42,440	£45,575	£43,923
GRAND TOTAL (b)	£7,896,377	£6,948,082	£6,852,228	£6,685,588	£7,271,685

(a) In the year 1924-25 the rate of Tax was reduced from 8d. per lb. to 5d. per lb. In the previous year (that is, 1923-24) the duty yielded £641,362.

(b) The final totals do not correspond with the entry in Table No. 7 because they show the actual amount collected in the year and not the precise sum paid into the Exchequer.

(c) Five weeks' revenue.

The value of this table (No. 8) chiefly lies in the information conveyed by means of the sub-totals.

In the first group which represents 62% of the total customs revenue it will be seen that remarkably little change has taken place. The total for 1928-29, £4,507,001, is only £17,000 below that of 1924-25; a rise in the revenue derived from Tobacco having almost compensated for the fall in that from Beer and Spirits.

The second group reveals many changes. The total in 1928-29 was £1,094,970, which is £1,600,000 below that of 1924-25, and accounts for 15% of the total com-

pared with 34% in the earlier year. Sugar is down £1,000,000 owing to a reduction in the rate of duty in 1925-26 from 25/8 per cwt. to 9/4 per cwt. Tea, which brought in £423,138 in 1924-25 now contributed nothing, as the duty has been entirely remitted. Sugar confectionery fell from £162,000 to £77,000, and cocoa, coffee, etc., from £120,309 to £81,883.

The revenue, which was lost in the former group, is shown to have been partly recovered in the third. Here we find new sources of revenue bringing in £1,056,000 in 1928-29, and contributing 14.5% of the total derived from Customs. There are thirteen items, the largest of which, namely, clothing and apparel, accounts for 60% ; next in importance is the boot and shoe item, yielding 25%, and the remaining 15% is spread over eleven items. These duties to some extent provide a competitive tariff giving a large element of protection, but not high enough to exclude all importation.

The duties taken over by the Free State in 1922 included the McKenna duties, and bring in £542,549. The predominant item is £472,058 from motor cars, etc., showing an increase of £180,000 over 1924-25. Included in this item is the duty on Tyres which was imposed on 26th April, 1928. The Wireless Apparatus duty came into force on 22nd April, 1926.

Table No. 9.—EXCISE DUTIES.

COMMODITY	1924/25	1925/26	1926/27	1927/28	1928/29
	£	£	£	£	£
Beer and Spirits ...	6,912,869	5,805,199	5,971,956	5,761,717	(b) 6,073,058
Betting Duty ...	—	—	43,343	211,462	181,698
Bookmakers' Regis. Fees	—	—	10,380	11,500	11,800
Cider and Table Waters	27,430	26,725	26,051	23,066	24,241
Club Duty ...	3,168	3,159	2,479	3,032	2,803
Entertainments ...	179,023	168,572	159,022	156,080	140,225
License Duties, etc. ...	201,214	296,251	339,165	316,048	311,601
Local Taxation (Penalties)	279	263	82	150	63
Matches ...	87,505	84,628	87,603	96,035	101,284
Moneys deposited and not appropriated to Goods	1,621	(a) 763	883	(a) 4,515	403
Tobacco (Home Grown) .	5,272	6,170	17	(a) 356	728
TOTAL ...	£7,418,381	£6,390,204	£6,640,981	£6,574,219	£6,847,904

(a) Excess deliveries over receipts. (b) 13 months: brewers' credit reduced by one month.

The group of Excise Duties is completely dominated by the revenue from beer and spirits, providing nearly 90% of the total, which is £6,847,904, and includes two items which do not appear in the 1924-25 total, viz., Betting Duty, £181,698, and Bookmakers' Fees, £11,800.

It has been impossible to touch upon all the points which are of interest in the Accounts, but it is hoped that this analysis may arouse a new interest in the presentation of the figures.

Recognition of the necessity of maintaining fundamental division between Central Fund and Service Vote expenditure is not inconsistent with a desire for a more orderly and logical arrangement of the figures than is made at present.

No study of National Finance would be complete without an examination of the Debt position. That, however, would require treatment in a separate paper. The extent to which a Government could use its borrowing powers to meet current expenditure is, nowadays, a serious and important problem in all countries. Borrowing means the passing on of a liability to the future. There are some very ready to do this, as for instance, those who would have borrowed for the whole of our abnormal expenditure in recent years. The liability which is unaccompanied by earning assets becomes a dead weight, and the future holds its own difficulties though they may not be immediately apparent.

A reasonable balance appears to have been maintained, and as a result we have established a relatively strong position, but it behoves us all the more to strengthen all the weak points, and safeguard rather than give away our advantages.