

STATISTICAL AND SOCIAL INQUIRY SOCIETY OF IRELAND.

AN ANALYSIS SHOWING THE OBJECTS OF EXPENDITURE AND THE SOURCES OF REVENUE OF THE IRISH FREE STATE DURING THE FINANCIAL YEARS 1925-26, 1928-29, 1931-32, 1932-33.

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THESE Tables bring up-to-date the more important figures which were set out in the Paper read before the Society in November, 1930. The detailed record of Expenditure in respect of each year and each group has, however, been excluded, and only summary totals are given. The elaborate classification between normal and abnormal expenditure has not been repeated. The distinction has only been preserved in these Tables in respect of Local Loans and Compensation for Property Losses, together with certain special items which arose in 1932/33. The general purpose is to submit a comparison which will show, in compact form, the fluctuations in the character of the expenditure over a series of years.

At the end will be found the allocation of all Votes to the various groups; three remain ungrouped—Army, Posts and Telegraphs, and Road Fund; the others consist of 80 items compressed into 12 classes.

The desirability of such re-arrangement for Expenditure does not appear to admit of argument. If the tax payer is to understand how his money is being spent, the Estimates must be presented to him in a more intelligible manner than at present. There may be persons so cynical as to question whether the tax payer wants to know what is taking place or, if he is given the figures, whether he would understand them, but that line of reasoning appears to set up a vicious circle which deserves to be broken.

It is of interest to note that in the Statistical Abstract the advantage of grouping the Votes connected with Education has been recognised, and I hope this Paper will satisfy you that the same principle can be applied to other Votes. Criticism and suggestions regarding the allocation of the Votes amongst the groups are greatly desired. The arrangement is that adopted before except for the separation of Debt Service from the Revenue total, and for comparative purposes it is of prime importance that the same procedure be followed year after year. At the same time, so far as there are suggestions made which would lead to improvement, it would be possible on another occasion to re-cast the tables.

The only parallel instance which has come under my notice occurs in the Year Book published by the Northern Ireland Government, 1932 (pages 208/211). In it there is shown a set of Tables providing a comparison of the expenditure on a percentage basis, and, although the solution which has been adopted by the compiler of these figures is not on the same lines, it serves a useful purpose. Owing to the separation of the expenditure between Northern Ireland and the British Government, three Tables have to be given.

In No. 1 the figures for the Consolidated Fund for Northern Ireland are given, consisting mainly of interest charges on Special Services.

No. 2 gives the Supply Services for Northern Ireland, analysed into four sections :—(a) Administrative Departments, 7 headings ; (b) Social Services, 6 headings ; (c) Justice and Police, 5 headings ; (d) Other Services, 7 headings. It will be found that the items of expenditure on Agriculture and Education are dealt with under the headings (a) and (b). In this respect I think the arrangement I have adopted is to be preferred, because it makes the determining factor lie in the consideration of the object of expenditure rather than the distinction between Administration and "Grants in Aid." On the other hand, when analysing the Miscellaneous items, the compiler of these Tables has carried his analysis a step further than I have done, for he explains that "Contrary to the practice in Great Britain, the costs, other than Staff Costs, of Works, Stationery and Postal Services, are allocated to the Department or Service for which the expenditure is incurred."

No. 3 Table gives the figures for the Reserved Expenditure amalgamating both the Consolidated Fund and Supply Service items. This arrangement does not harmonise with that in Group No. 2, the reason for the difference being that "the Northern Ireland authorities are not concerned with the form of authority for, but with the object of, the expenditure."

Another reference to this problem occurs in a report made by the Select Committee set up by the British Government to consider the Estimates and the allocation of functions between various departments. It was presented in 1926, and I make an extract of the following sentence : "We are of opinion that a reclassification of certain existing Votes for the Civil Service would be of great assistance in making the Estimates present a clearer picture of the Services to which public funds are appropriated. It appears to us that the existing classes under which Votes are grouped no longer correspond with those major divisions of the functions of Government which we think they ought to represent." The actual grouping which is proposed is as follows :—(1) Central Government and Finance ; (2) Imperial and Foreign ; (3) Law and Justice ; (4) Education ; (5) Health, Labour and Insurance ; (6) Trade and Industry ; (7) Common Services (Works, Stationery, etc.) ; (8) Non-effective charges (Pensions) ; (9) Miscellaneous (Expiring Services).

There is one heading used in my classification about which I feel particular hesitancy. Reference given to the particulars at the end of this Paper will show that the title "Social" has been used to cover a number of payments of a general character, affecting all classes of the population whether engaged in Agriculture, Industry, Commerce or other activities, but against that it may be urged that since all activities of the Government are Social, it is not right to allocate this title to this particular group. It will be noted that the English Committee adopt the title "Health, Labour and Insurance" to cover most of these items, but that is not quite as comprehensive as I require. The Northern Ireland classification for all expenditure, whether on Agriculture, Education, etc., is "Social Services," and it seems to me to be so wide as to obscure important differences. Perhaps someone will suggest an alternative which will get over these difficulties

Assuming a classification would be desirable, the points at issue may be summed up as follows:—

Should the overhead Votes, such as Board of Works, Stationery Office, etc., be redistributed on the Departments concerned? I think not. I think such re-arrangement may be left to the private individual, should he desire to analyse the figures to their fullest extent.

Should any of the Votes be divided up or should they be re-arranged in their existing form? To which I think we may answer that it is preferable to have a classification of the Votes as they stand than to have none at all, and if it is considered essential to maintain the total of the Votes, then it would be feasible to provide for a further splitting up of the Votes as, for instance, happened in the course of the last few years, when the Unemployment Insurance Vote was taken out of that for the Ministry of Industry and Commerce.

Should the Central Fund and Supply Service expenditure be amalgamated in the one classification? I think it is not necessary to do so, and if a uniform classification is adopted for both sections very little is lost by treating the figures in this way. At the same time when merely considering the objects of the expenditure it does not seem of vital importance to emphasise the source of the authority.

Does the suggestion necessitate the altering of the existing form of presentation through Finance Accounts, etc.? Clearly not, if thought undesirable and impracticable it would be within the scope of the Department compiling the Statistical Abstract to re-arrange the figures in a suitable form.

EXPENDITURE—TABLE Ia.

	Finance and Appn. A/cs. 1925/26		Finance and Appn. A/cs. 1928/29		Finance and Appn. A/cs. 1931/32		Finance Accounts 1932/33	
	£000	%	£000	%	£000	%	£000	%
Central Government	218	·9	182	·7	190	·8	197	·8
Finance	746	3·1	722	2·8	734	3·0	767	3·1
Debt Service	914	3·8	1,819	7·6	2,319	9·4	2,519	10·2
Local Government ..	528	2·2	569	2·3	574	2·3	572	2·3
Foreign Affairs	46	·2	49	·2	71	·3	88	·3
Pensions	1,931	8·0	1,989	8·0	1,882	7·6	805	3·3
Law and Police	1,912	8·0	2,074	8·4	2,094	8·4	2,114	8·6
Education	4,306	18·2	4,513	18·2	4,605	18·4	4,629	18·9
Commerce, Fisheries and Gaeltacht	351	1·4	253	1·2	363	1·5	374	1·5
Agriculture	2,126	9·0	2,901	11·9	3,055	12·2	3,346	13·6
Social	3,812	16·0	3,646	14·8	4,044	16·4	4,146	17·0
Army	2,805	12·0	1,761	7·1	1,247	4·8	1,179	4·8
Posts and Telegraphs	2,335	9·7	2,230	9·0	2,064	8·2	2,034	8·2
Miscellaneous	1,029	4·2	1,076	4·2	977	3·9	919	3·7
Road Fund	775	3·3	878	3·6	691	2·8	909	3·7
	23,834	100·0	24,662	100·0	24,910	100·0	24,598	100·0
Local Loans	822		742		1,170		500	
Property Losses Compensation	1,691		415		161		86	
Emergency Fund	—		—		—		2,000	
Adv. to Guarantee Fund	—		—		—		1,616	
	26,347		25,819		26,241		28,850	

PERCENTAGES IN RELATION TO THE TOTAL. 1925-'26 COMPARED
WITH 1932-'33—TABLE 1b.

	Actual Change	Percentage of Change
	£	
Central Government	— 21,000	— 10.0
Finance	+ 21,000	+ 2.7
Debt Service	+ 1,605,000	+ 179.0
Local Government	+ 44,000	+ 8.6
Foreign	+ 42,000	+ 90.0
Pensions	— 1,126,000	— 58.0
Law and Police	+ 202,000	+ 10.5
Education	+ 323,000	+ 7.5
Commerce and Fisheries	+ 23,000	+ 6.6
Agriculture	+ 1,220,000	+ 57.0
Social	+ 334,000	+ 8.6
Army	— 1,626,000	— 58.0
Posts and Telegraphs	— 301,000	— 13.0
Miscellaneous	— 110,000	— 10.8
Road Fund	+ 134,000	+ 19.0
	+ 764,000	+ 3.2

The most striking percentage increase is that shown in the cost of the Service of Debt: from 3.8% it has risen to 10.2%. Agriculture shows an increase from 9.0% to 13.6%. The decreases which call for comment are those in respect of Pensions, where the movement has been from 8.0% to 3.3%. This arises from the exclusion of the R.I.C. Pensions. The Army requires only 4.8% of the tax payer's contribution against 12.0% in 1926. The total increase is 3.2%. There have been reductions in 5 and increases in 10 Votes. The saving upon the Army has enabled the Debt Service to be met without increasing the total demand upon the tax payer.

Explanations of the more important changes are contained in the following notes.

CENTRAL GOVERNMENT.—Fluctuations in this group mainly arise from changes in the expenditure upon elections, but the specific decrease between 1926 and 1933 is wholly accounted for by the reduced cost of Temporary Commissions.

FINANCE.—The greater part of this group consists of the Revenue Vote, and it is interesting to note that the increased cost of carrying on the Customs Clearance work has been compensated for by reductions in other ways, for the total in 1933 was £666,000, compared with £664,000 in 1926.

DEBT SERVICE.—The total for 1933 is made up as follows: Interest, £1,139,000; Saving Certificate Interest Charge Equalisation Fund, £554,000; Sinking Funds, £511,000; Redemption 5% Compensation Stock, £65,000; Annuity for Damage to Property, £250,000.

LOCAL GOVERNMENT.—This Vote has been divided. The figure shown represents the annual sum voted for administration, together with the payments from the Central Fund Local Taxation Accounts. The items described in the Vote under the heading "Miscellaneous Grants," comprising money spent on Housing Schemes, Tuberculosis, etc., are included in the "Social" group.

FOREIGN AFFAIRS.—There has been an increase in the cost of the League of Nations, and also Offices maintained in other countries, largely due to the adverse rate of exchange.

PENSIONS.—This heading embodies items so described in the Estimates of Central Fund payments. It does not include the cost of Superannuation, which appears in the Post Office (£177,000) or in the Education (Teachers' Fund, £75,000) Votes.

COMMERCE, FISHERIES AND GAELTACHT.—This group embraces the expenditure on objects which are not agricultural. In 1933, on the Fisheries side, the Estimate included £50,000 for Sea Fisheries; £86,000 for Housing in the Gaeltacht; £40,000 for the development of the Kelp industry; £42,000 for Rural Industries; £19,500 for Carrageen Moss; in 1932/33 it totalled £314,000 less Appropriations in Aid amounting to £90,000 (of which £11,000 is from the Local Taxation Grant). The net amount spent according to the Finance Accounts is £173,000, some £40,000 less than the amount voted; of this sum Salaries and Wages were estimated at £42,600, and no reduction on that heading is likely to have taken place. The Grants in Aid, therefore, presumably amounted approximately to £130,000, but how they were divided cannot be ascertained until details are available. In 1926 the total cost was £39,000. The expenditure on the Commerce side for 1932/33 consists mainly of the Administration cost of the Department, amounting to £96,000. The Industrial Property Registration Office cost £19,000 (covered by receipts included in the Miscellaneous Revenue), the Railways Act and Railway Tribunal account for £44,000, while £25,000 was also voted for the development of Electric Batteries.

AGRICULTURE.—The increase on this is mainly due to the Supplemental Agricultural Grants.

SOCIAL.—Old Age Pensions show an increase of £300,000, the total in 1933 being £2,897,000 (the estimate for 1933/34 is £3,257,000). The National Health Insurance Vote is up £50,000 (£301,000). The total of this group for 1933/34, based upon the Estimate figures, is £4,623,000, or £477,000 higher than in 1933, due to larger requirements for Housing and Old Age Pensions.

POSTS AND TELEGRAPHS.—In a foot note appended to the Vote detailing the expenditure on these services, it is estimated that £237,880 represents the cost of services provided for forty-four Government Departments. The Revenue Department costs £97,000; the Administration of Old Age Pensions, £29,000; Land Commission, £22,000; Unemployment Insurance, £13,000; National Health Insurance, £10,000. The balance being accounted for by various other items which are not sufficiently large to justify a separate note being made. If the total be deducted from the Post Office expenditure it reduces the cost of the services to the public to a figure covered by the Post Office receipts.

MISCELLANEOUS.—This group covers the expenditure on a number of objects such as Ordnance Survey, Valuation, etc., which do not lend themselves to grouping, nor can they be fitted into the classification adopted as a whole, and also the important Votes for Public Works, Stationery Office, etc., which represent the cost of providing services for other departments. An analysis of the 1932/33 estimates shows provision in the Public Works approximately as follows: Department of Justice, £105,000; Education, £180,000; Post Office, £550,000; Army, £43,000; Revenue, £20,000; and Rates on Public Departments

—Justice, £20,000; Post Office, £10,000; Army, £30,000; Revenue, £11,000.

LOCAL LOANS.—This item is excluded from the main total because of its special character. It appears to be really Capital expenditure, and each year the Exchequer receives payments in respect of Sinking Fund and Interest which are accounted for in the Miscellaneous Revenue.

PROPERTY LOSSES COMPENSATION.—This item is abnormal and non-recurrent and, consequently, is excluded from the sub-total.

EMERGENCY FUND AND ADVANCES TO GUARANTEE FUND.—These are items of expenditure arising in 1932/33 of an exceptional character. As regards the Emergency Fund, there are no details available to show how it is used. It was mainly required for Bounties on Agriculture, but Industry also received assistance, and there is no basis for a division.

REVENUE—TABLE 2a.

	1925/26		1928/29		1931/32		1932/33	
	£000	%	£000	%	£000	%	£000	%
Customs	6,958	27.5	7,159	29.5	8,257	32.4	9,331	34.5
Excise	6,336	24.9	6,794	28.0	5,460	21.5	5,443	20.2
Motor Vehicle Duties	517	2.0	730	3.0	941	3.7	909	3.4
Estate, etc., Duties..	1,022	4.0	1,044	4.3	1,274	5.0	1,138	4.2
Stamps (General) ..	508	1.9	474	1.9	367	1.4	418	1.6
Sweepstakes	—	—	—	—	—	—	632	2.3
Property and Income Tax	5,667	22.2	4,307	18.0	4,609	18.1	5,194	19.2
Corporation Profits Tax	488	1.9	239	.9	246	.9	460	1.7
Excess Profits Tax ..	101	.3	133	.6	132	.5	113	.4
Post Office	1,690	6.6	1,780	7.4	1,890	7.4	1,850	6.8
Local Loans (British)	772	3.2	723	3.0	554	2.2	441	1.6
Co. Council Contributions to Roads ..	279	1.2	148	.6	—	—	—	—
Miscellaneous	964	3.8	430	1.8	858	3.4	542	2.0
Interest on Advances	137	.5	260	1.0	908	3.5	551	2.0
	25,439	100.0	24,221	100.0	25,496	100.0	27,022	100.0
Annuities			—		—		2,969	
							29,991	

The increased amount of Revenue, omitting from consideration the item of Land Annuities, was £1,583,000 in 1932/33 as compared with 1925/26, an increase of 6.2%. On the first item, namely, "Customs," there is an increase of £2,373,000, or 33½%. Excise shows a decrease of £893,000, that is over 15%. These two items taken together show a net increase of £1,480,000. They account for 52% of the revenue collected in 1925/26 and 54.7% in 1932/33. The contribution of the Sweepstake to revenue appears for the first time in 1932/33 and produces 2.3%.

INCOME TAX.—The figures regarding Income Tax should be studied in relation to the standard rate of tax which was as follows:—

1925/26, 4/-; 1928/29, 3/-; 1931/32, 3/-;
increased to 3/6 in October, 1931; 1932/33, 5/-.

For the year 1932/33 it will be seen that the figure for Annuities (a) has been shown below the sub-total. It seemed appropriate to separate it from the other figures, and to take the percentage calculations on a total, which excluded this abnormal item.

(a) "Under the provisions of Act No. 2 1933, the Annuities become payable to the Exchequer as Miscellaneous Revenue." (Footnote. Table 25—Finance Accounts, 1932/33.)

CUSTOMS—TABLE 2b.

	1925/'26	1928/'29	1931/'32	1932/'33
	£	£	£	£
Beer, Spirits, Wine, etc.	1,136	1,161	1,002	875
Tobacco	3,226	3,346	3,425	3,765
	4,362	4,507	4,427	4,640
Cocoa Preparations	90	82	75	28
Fruit	36	42	44	42
Sugar	1,014	971	1,474	1,067
Tea	20	—	nil	341
	1,160	1,095	1,593	1,478
Boots	272	257	239	226
Bottles	31	15	15	9
Clothing	584	646	609	624
Furniture	47	50	43	31
Matches	41	33	29	24
Oatmeal	—	9	19	13
Soap	35	23	18	16
Woven and Worsted Tissues	—	8	64	76
Other Items	12	15	13	9
	1,022	1,056	1,049	1,028
Cinema Films	13	19	41	48
Clocks and Watches	16	19	16	16
Motors	306	472	393	245
Musical Instruments	24	33	31	17
Wireless	—	27	43	65
	359	570	524	391
Oils	—	—	532	1,097
Bacon and Butter	—	—	47	2
Oats	—	—	20	4
Other Items	—	—	2	3
	—	—	601	1,106
C.E.D. Misc. and Cash	45	44	63	33
	45	44	63	33
Coal	—	—	—	205
Electrical Apparatus	—	—	—	24
Iron and Steel	—	—	—	50
News and Periodicals	—	—	—	20
Package Duty	—	—	—	80
Paints	—	—	—	16
Pigs Meat, &c.	—	—	—	20
Stationery	—	—	—	41
Wood and Wooden Articles	—	—	—	20
Other Items	—	—	—	191
	—	—	—	667
Total	6,948	7,272	8,257	9,343

The classification which was adopted in my previous paper has been retained. It serves a useful purpose of comparison and shows the changes which have taken place more clearly than any other form of grouping would achieve.

In the first sub-total it will be seen that the reduction on the Beer and Spirits revenue has been made good by an increase in Tobacco, so that over a period of eight years the revenue has been maintained.

The second group is affected by the alteration in the Sugar duty (increased from 9/4d. to 11/8d. per cwt. in 1928) and the imposition of the Tea duty in the 1932 Budget. (6d. per lb., 4d. Pref.)

The third group shows remarkably little change over such a long period, but whether this situation is expected to continue in the future is not disclosed in the estimates for 1933/'34, and no comment of the future of these taxes would be suitable without some detailed knowledge, to which the public have at present no access.

The fourth group reveals the result of the increased taxation imposed upon Motors which has been partly compensated for by the Wireless tax. Comparing the first year with the last, it will be seen that the Cinema and Wireless duties have between them more than made good the reduction on the Motors, and in that way revenue has been maintained.

The fifth group indicates taxes which were imposed during 1931/'32 and continued in 1932/'33. A Petrol tax of 4d. per gallon was imposed in May, 1931, and only was effective on part of the year in 1931/'32 as against a full year in 1932/'33. It was increased to 8d. in November. Other Taxes which were imposed in 1931/'32 on Bacon, Butter and Oats are no longer revenue producing.

The last group presented certain difficulties as regards classification. What has been done is to show the items where the collection was substantial, and to group all the others together in one total. This has a disadvantage, and from certain points of view, but for the amount of detail which would be required, seeing that there are 76 items recorded in the Finance Accounts for 1932/'33, too much space would have to be occupied. Generally, therefore, it will be noted that the increased revenue has been provided by the new taxation of the 1932 Budget and the Petrol Tax.

EXCISE—TABLE 2c.

	1925/'26		1928/'29		1931/'32		1932/'33	
	£	%	£	%	£	%	£	%
Beer and Spirits ..	5,805	90·9	6,073	88·7	4,610	84·4	4,594	84·7
Betting Duty ..	—	—	182	2·6	192	3·5	144	2·6
Bookmakers' Registration Fees ..	—	—	12	·2	12	·2	13	·2
Cider and Table Waters ..	27	·4	24	·4	26	·5	26	·5
Club Duty ..	3	·0	3	·0	2	·0	2	·0
Entertainments ..	168	2·7	140	2·1	165	3·1	173	3·1
Licence Duties, etc.	296	4·6	312	4·5	301	5·5	304	5·5
Matches ..	85	1·3	101	1·5	108	2·0	111	2·0
Tobacco (Home Grown) ..	6	·1	1	—	2	—	—	—
Tea ..	—	—	—	—	—	—	77	1·4
Sugar ..	—	—	—	—	41	·8	—	—
	6,390	100·0	6,848	100·0	5,459	100·0	5,444	100·0

Little comment is necessary upon this Table. The reduction in the receipts from Beer and Spirits is £1,211,000, a fall of 20%. The total receipts are only down by £946,000, due to the sums received from Betting Duty, Tea and the Maintenance of Revenue from other sources—Entertainments, Licence Duties, Matches, etc.

TABLE 177.—FINANCE (from STATISTICAL ABSTRACT, 1933.—TABLE 3.)

LIABILITIES	1926	1929	1933
	£000	£000	£000
Ways and Means	1,113	400	—
Exchequer Bills Outstanding	—	1,400	—
5% National Loan, 1934-45	9,506	8,660	7,852
5% 2nd National Loan, 1950-60	—	6,958	6,578
4½% 3rd National Loan, 1950-70	—	—	5,829
5% Compensation Stock	915	1,039	16
Savings Certificates	1,773	4,060	7,655
Dáil Eireann Loan Savings Certificates	—	11	6
Estimated Balance of Liability in respect of Dáil Eireann Loan, 1919-20, Internal	379	100	32
Other Capital Liabilities:—			
Under Telephone Capital Acts, 1924-31	416	756	847
.. Land Acts, 1923-31	—	438	2,595
	14,102	23,822	31,410
ASSETS	£000	£000	£000
Exchequer Advances Repayable.—			
Unemployment Fund	1,268	881	401
Shannon Electricity Scheme Fund	607	4,076	5,962
Electricity Supply Board	—	275	3,360
Road Fund	—	640	1,290
Local Loans Fund	205	1,081	3,086
Token Coinage	—	201	1
Land Commission (payment in lieu of Rent Account)	200	175	130
National City Bank, Ltd.	300	300	—
Purchase of Creameries	—	564	507
Gt. Southern Railways—Advances to late Dublin and South Eastern Railway	180	179	180
Advances to Agricultural Credit Societies	30	82	26
Miscellaneous	41	32	—
Shares of Industrial Trust Co. of Ireland, Ltd., at cost	—	50	—
National Land Bank, Ltd., Shares at cost	203	—	—
Shares of Agricultural Credit Corporation, Ltd.	—	145	292
National Loan Sinking Funds	70	122	717
Savings Certificates Accounts	7	21	18
Exchequer Balance at Bank of Ireland	233	749	1,363
	3,344	9,573	17,333

Comparing the totals in the above Table it will be seen that the liabilities have increased by over 100% during seven years. The excess of liabilities over assets has increased from 10 $\frac{3}{4}$ million pounds to 14 million pounds. In 1926 the debt represented wholly unproductive expenditure.

The Unemployment Fund advances have been paid off to the extent of £850,000; whereas there was a steady reduction up to March, 1931, it is to be noted that last year saw an addition to that of March, 1932, of £83,000; the lowest point reached was £284,000 in 1931. Approximately 12% of the assets are in liquid form; the Sinking Fund and Exchequer Balances totalled over £2,000,000 in 1932 against £300,000 in 1926. The main increase has arisen from expenditure on the Shannon Electricity Scheme, Electricity Supply Board, Local Loans Fund and Road Fund; together this expenditure totals over £13,500,000. Capital

has been invested in the purchase of Creameries and in the shares of the Agricultural Credit Corporation.

Examining the Liability side of the account, it will be seen that the earliest date for repayment of the First National Loan is 1935, when it may become possible to effect a saving on the interest charge. In respect of the other Loans no such opportunity will arise until 1950. The issue of Savings Certificates has been most successful, but it must not be overlooked that these constitute a large liability "at call"; the liability for interest on Certificates has been provided for by a yearly charge in the Services Debt, and this Fund stands at £1,272,529.

The proportion of Assets which may be regarded as productive must partly remain a matter of opinion. On the main items the Exchequer receives payments of interest which are credited in the Miscellaneous Revenue. Ultimately their value must depend upon the ability of the users to pay the necessary charges for the services rendered, and it will only become manifest after a long period of trial how they will stand the test.

The figures given in Table 1a indicate the amount required for the Service of Debt, and whether that constitutes a heavy burden or not will depend upon the productivity of the country.

It is not unsuitable to comment that the fixing of interest rates for Debt charges over a long period tends to the development of inequalities as between debt holders and those who obtain their income from other sources. In future years the country may have to incur special expenditure which cannot be met from revenue, and it is desirable that there should be as small a burden as possible thrown upon the future. Borrowing on a wide scale has been responsible for many of the present-day Budget difficulties in other countries. Many countries have been disappointed with the results of expenditure which was confidently entered upon in the belief that it would be fully productive. It is probable that optimistic views are taken by Governments of the possibilities of large schemes of expenditure and, from the nature of the case, such tend to be those which are least promising and most speculative. On the other hand it is quite clear that there are moments when expenditure may be forced upon a country which could not be met from revenue, as was felt to be the case during the earlier years of the establishment of the Free State. The Free State liability is mainly internal and, therefore, free from some of the complications which arise through payment of interest to external creditors.

KEY TO GROUPING.

THE FIGURES GIVE THE MONEY VALUE IN £000 FROM 1932/33
FINANCE ACCOUNTS.

CENTRAL GOVERNMENT :

Governor-General (Establishment and Salary), £13 ; Oireachtas, £112 ; Temporary Commissions, £6 ; Electoral Expenses, £38 ; Department of President, £11.

FINANCE :

Office of Minister, £56 ; Quit Rent Office, £4 ; Exchequer and Audit, £15 ; Civil Service Commission, £11 ; Comptroller and Auditor-General, £1 ; Revenue Department, £666 ; Management of Government Stocks, £14.

DEBT :

Service of Debt, £2,269 ; Annuity for Damage to Property, £250.

LOCAL GOVERNMENT :

Department of Local Government (part, *see* Social), £110 ; Local Taxation Grants, £462.

EXTERNAL AFFAIRS :

External Affairs, £72 ; League of Nations, £16.

PENSIONS :

Superannuation and Retired Allowances, £594 ; Army Pensions, £199 ; Judicial Pensions, £11 ; Other Pensions, £1.

LAW AND POLICE :

Office of Minister for Justice, £37 ; Judges' Salaries, £78 ; Supreme and High Courts, £50 ; Circuit, £50 and District Court, £38 ; Law Charges, £55 ; Land Registry, £45 ; Public Record Office, £5 ; Garda Síochana, £1,663 ; Secret Service, £1 ; Prisons Board, £78 ; Dundrum Asylum, £14.

EDUCATION :

Office of the Minister, £159 ; Primary Education, £3,644 ; Secondary Education, £332 ; Technical Education, £174 ; Universities and Colleges, £156 ; Science and Art, £4 ; National Gallery, £4 ; Reformatory and Industrial Schools, £119.

COMMERCE AND FISHERIES :

Industry and Commerce, £97 ; Railways, £40 ; Railway Tribunal, £4 ; Marine Service, £8 ; Fisheries and Gaeltacht Services, £173 ; Haulbowline, £4 ; Tariff Commission, £4 ; Industrial and Commercial Property Registration Office, £19 ; Electrical Battery Development, £25.

AGRICULTURE :

Agriculture, £456 ; Forestry, £56 ; Land Commission, £473 ; Beet Sugar Subsidy, £163 ; Agricultural Grants, £1,948 ; Relief of Rates, £250.

SOCIAL :

Old Age Pensions, £2,897 ; National Health Insurance Commission, £301 ; Unemployment Insurance, £180 ; Housing, Tuberculosis, etc., £341 ; Charitable Donations, £3 ; Relief Schemes, £368 ; Wireless Broadcasting, £56.

MISCELLANEOUS :

General Register Office, £14 ; Miscellaneous, £12 ; Office of Public Works, £91 ; Ordnance Survey, £35 ; Personal Injuries Compensation, £2 ; Public Works and Buildings, £532 ; Rates on Government Property, £87 ; State Laboratory, £5 ; Stationery Office, £109 ; Sundry Salaries, £1 ; Valuation and Boundary Survey, £30.

DISCUSSION ON MR. EASON'S PAPER.

Following are résumés of the observations of some of the speakers to the paper:—

Mr. Charles Eason said he desired to support the plea of the President that the information as to national revenue and expenditure should be presented to the citizens in a form that all could understand. The Statistical Abstract contained information that supplemented the Finance Accounts, and the officials of the Statistics Branch of the Department of Industry and Commerce were entitled to great credit for the way in which the tables were drawn up. If directed or permitted they could carry out the suggestions made in the paper. The expenditure charged upon the Central Fund should be added to the Supply Services: the difference in the authority for payment could be easily indicated. The basis for classification should be the Department which was responsible for the outlay. Any exceptional expenditure, such as that on Special Commissions, should be included in Central Government. It would be advantageous to bring together all pensions for the various services under one head as Non-effective Services (excluding old age and widows' pensions). The present statement is necessarily imperfect owing to the exceptional circumstances of the year. The large sum of £2,000,000 set aside for the Emergency Fund would later on, no doubt, be accounted for. One item in the Liabilities requires special attention: that is, the sum of £7,655,000 due for Saving Certificates. These are repayable at one month's notice, and there should be assets of a substantial amount specially available for realisation.

The Minister for Finance: It is not clear what Mr. Eason means by a rearrangement of expenditure nor what is the exact force of his criticism that, from the taxpayers' point of view, the Estimates might be presented to the taxpayer in a more intelligible manner than at present. The classification which Mr. Eason adopts groups expenditures by Votes under some twelve heads. This affords a rather interesting guide to anyone approaching the study of our National Accounts for the first time, and (provided the analysis is made over a period of years) deductions may be made about the trend of our expenditure. But it will not be denied that the divisions cannot in the last resort be more than arbitrary. Each vote is granted separately by the Dáil and must be accounted for separately to the Comptroller and Auditor-General, and the group aggregate could have no binding force. The financial practice does not (as Mr. Eason will be aware) admit of virement between Votes, that is, transfers of excess expenditure on one Vote against the surplus accruing on another Vote. From the point of view of the taxpayer who wants economies that is an important safeguard. I think too much stress ought not to be laid on the percentage changes that have taken place in the various heads of expenditure over the last decade. An increase from £10 to £1,000 is about 10,000 per cent., while an increase from £1,000 to £2,000 is only 100 per cent. In other words, increases from small beginnings always show as large percentages, and many heads of expenditure, very limited in the early years of the Saorstát's existence, now bulk very large indeed and show remarkable percentage increases. The point is so obvious that I need not labour it greatly. A somewhat analogous misconception may be created by a cursory examination of the table on page 18, where the percentage change in our heads of expenditure is analysed. In making deductions from this table it is to be noted a percentage increase will always be greater than a percentage decrease of an equal absolute amount. To take two items, the Debt Service shows an increased charge of £1,605,000, while the Army shows a decreased charge of £1,625,000. As Mr. Eason points out, the saving upon the Army has enabled the Debt Service increase to be met without increasing the total demand upon the taxpayer; but while the percentage increase in the Debt Service is 179 per cent., the percentage decrease in the Army cost is only one-third of this at 58 per cent. A striking fact to remember is that the total expenditure between 1925-6 and 1932-3 has increased by only three-quarters of a million pounds, or 3.2 per cent. This increase, which is more than covered by taxation, is the more remarkable when we realise the diversified nature of Government activity at the present time as compared with 1925-26. I must not be taken as wholly in agreement with the concluding paragraph of Mr. Eason's paper. It is true that borrowing on a wide scale has been responsible for many of the present-day Budget difficulties in other countries, but largely because the bulk of the debt was external. In those cases the Debt Service has had to be maintained at the cost of domestic policy and development. Our liability for debt is almost entirely

internal and the same complications cannot arise—at least not in their most exaggerated forms. As Mr. Eason points out, there are times when the State must undertake expenditure which cannot be met from revenue if the community is to develop or survive. In my view, and the view of the Government generally, we are passing through such a period. More and more States are being thrown back on their own resources; these must be developed if the general well-being of the community is to be conserved. Development of these resources, carefully considered, prudently initiated, must be pressed forward with the whole resources of the country. This expenditure is fully productive in all senses of that term. It earns its own interest; it brings the opportunity for extension of our existing industries and services; it gives an incalculable dividend in the health, comfort and well-being of our citizens, and enables us to secure that full social and cultural development which should be the basis of all State activity, and is perhaps its sole justification.

Mr. John Haughey: May I be permitted to say a few words in explanation of the item "Local Loans"? On page 20 of the paper it is stated, in regard to this item, that "It appears to be really Capital Expenditure," and this is undoubtedly true. To appreciate the position it is necessary to remember that on the setting up of the Saorstát Government there was no fund available here corresponding to the British Local Loans Fund. To make good this deficiency the Saorstát Government decided to make annual Grants-in-Aid, to build up a Fund, presumably until such a position was reached that the Fund would be self-supporting, through the inflowing of repayments. The further statement that " . . . each year the Exchequer receives payments in respect of Sinking Fund and Interest which are accounted for in the Miscellaneous Revenue " is not strictly correct, and in its context might be misleading. Repayments of loans flow back into the Fund and are available for further issues. The item of £100,000 credited as Miscellaneous Revenue in the 1931-32 Finance Accounts was described as "Interest on Exchequer Advances to the Local Loans Fund (on account)." It contained no element of Sinking Fund and was rather in the nature of a levy on the Fund to meet an abnormal Exchequer position; there is no corresponding receipt from the Fund recorded in any other Finance Account to date. The only issues out of the Local Loans Fund are made by the Commissioners of Public Works, and from an Appendix to their Annual Report showing "Annual" and "total to date" figures of Issues and Repayments it is possible to determine the exact position of the Fund at any year-end. The aggregate of the Grants-in-Aid to any 31st March gives the total "Capital." If we deduct total Issues to the same date as shown in the Appendix referred to, and add back total Repayments, we have the balance remaining available for issue. As far as I have been able to ascertain the Assets—"Local Loans Fund" referred to in the table on page 23 of the paper is simply the total of the Grants-in-aid of the Fund made to date, no account being taken in this figure of interest repayments which are accumulated on the fund, and from which the "levy" already mentioned was drawn. The reference to "Grants-in-Aid" on page 19 of the paper is inexact, as this term is applicable only to amounts so described on the face of the Estimates, which are really more in the nature of gifts of public money and to which the ordinary rule of surrender of unspent balances (in the hands of the grantees) does not normally apply.

CORRIGENDA.

Page 19, line 18—Substitute "Subsidies" for "Grants-in-Aid."

Page 19, line 2.—Substitute "Post Office £55,000" for "Post Office £550,000."

Page 24, under heading of "Central Government"—Substitute "£103" for "£112" (Oireachtas). Substitute "£64" for "£38" (Elections).

Page 24, under heading of "Education"—Substitute "£41" for "£4."