

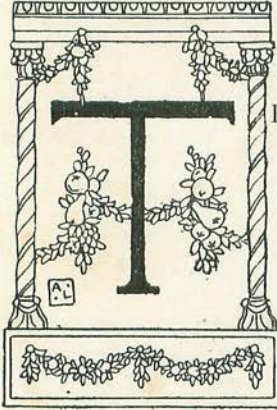
# JOHN BULL'S BALANCE-SHEET:

HOW THE MONEY COMES AND GOES.

By J. HOLT SCHOOLING.\*

(Fellow of the Royal Statistical Society, etc.)

*Illustrated with Diagrams by the Author.*



THE actual public expenditure of the United Kingdom for the year ended March 31, 1896, was only two or three millions short of the immense total of 100 millions sterling—a record expenditure, but

size, fell short of the public income for the year to the extent of more than 4 millions—an unusual, though not a record surplus, for twenty-five years ago there was a surplus of 6½ millions. I propose to split up this mighty expenditure of nearly 100 millions into its chief items, and to show the British public where its money went. We have already had this done for us, after a fashion, in the newspaper reports of the Budget and of the debates on the Estimates; but one gets only a hazy idea from the closely printed rows and columns of figures, which take, perhaps, their most appalling shape in the bulky official volumes of "Estimates" and in other published "Parliamentary Proceedings" that must be wrestled with before one can get a clear bird's-eye view of the business of John Bull & Company, Limited.

The clock-face in No. 1 illustrates the fact that the immense

expenditure just mentioned is equal to a cost of £11,130 per hour, or not far short of £200 per minute, for conducting the national business of this country. We are not yet spending quite £200 per minute, for this means a yearly expenditure of over 105 millions; but year by year the amount gets bigger, and for the year ending March 31, 1897, Sir Michael Hicks-Beach estimates the expenditure at just over 100 millions. This is the first time that a Chancellor of the Exchequer has touched the 100-millions level in his estimate of the current year's expenditure.

The big surplus that was announced in the House of Commons on Thursday, April 16, 1896, had not been anticipated in the spring of 1895 by the then Chancellor of the Exchequer, who had under-estimated the revenue by nearly 6 millions, and the expenditure by nearly 2 millions, thus making the surplus of 4 millions already mentioned. In this connection it is rather interesting to glance back over the last ten

years and note the varying degrees of precision attained by Chancellors in their estimates of the income and expenditure of the country for each year. The little table in No. 2 illustrates this point. As regards income, the biggest divergence from actuality was made by Sir William Harcourt for the year ended March 31, 1896, when £1060 were received for every £1000 expected by the Exchequer. The best shot was made for the year ended March 31, 1893, when £999 were



No. 1.—The Expenditure out of the Exchequer of the United Kingdom for the year ended March 31, 1896, was nearly 98 millions sterling, or, say, £11,130 for every hour of the year.

\* Copyright by John Holt Schooling, 1897.



received for every £1000 expected (in April, 1892) by Mr. Goschen. Looking at the expenditure columns in No. 2, we see that the nearest approach to accuracy was made (by Sir W. Harcourt) for the year ended March 31, 1895, when £994 were actually spent, as compared with every £1000 of estimated expenditure; the estimate that fell widest of the mark being that of Sir W. Harcourt for the financial year 1896, when £1019 were spent for every £1000 expected to be spent. With one or two exceptions the "actual" figures in No. 2, for both income and expenditure, are fairly

has a much easier time than two or three of his continental friends, for if he does pour out millions by the score from one pocket, his other pocket is as rapidly filled by the nation's wealth. Here are some recent figures:—

Year ended March 31.	Income. Millions.	Expenditure. Millions.
1893 ... ..	90·4	90·4
1894 ... ..	91·1	91·3
1895 ... ..	94·7	93·9
1896 ... ..	102·0	97·8
1897 ... ..	101·8	100·0

The amounts for 1893-6 are those actually received into and spent by the

For the year ended March 31.	Income.		Expenditure.	
	Actual.	Expected.	Actual.	Expected.
	£	£	£	£
1896	1060	1000	1019	1000
1895	1005	1000	994	1000
1894	994	1000	992	1000
1893	999	1000	993	1000
1892	1006	1000	989	1000
1891	1021	1000	991	1000
1890	1037	1000	993	1000
1889	1019	1000	1008	1000
1888	1019	1000	993	1000
1887	1010	1000	990	1000

No. 2.—A bird's-eye glance at the accuracy of the estimates made by Chancellors of the Exchequer, showing, for every £1000 of "expected" income and expenditure (*i.e.*, the amounts set out in the Budget Estimates of the United Kingdom), the amount that was actually paid into or out of the Exchequer during each of the ten financial years 1887-96.

near the bull's-eye of accurate forecast; and, be it noted, in eight out of the ten years to which No. 2 relates, the actual income was larger than the expected income, and, in eight out of ten years, also, the actual expenditure was smaller than the expected expenditure—both sets of errors being therefore on the safe side of the account.

If we look back only five years we are plainly shown that the yearly cost of running this little bit of Europe has increased by about 10 millions; fortunately the money to meet our increased and increasing expenditure also comes in merrily. In this respect our Chancellor of the Exchequer

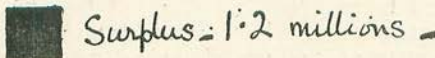
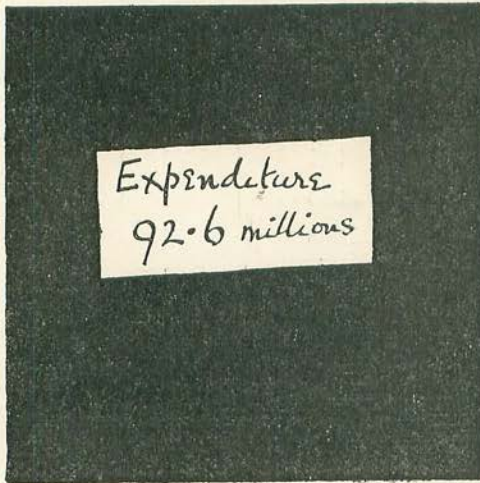
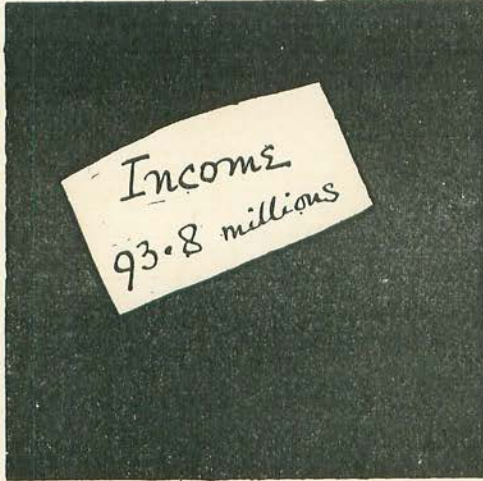
Exchequer, those for 1897 being the estimated amounts for the current year. In round figures, the 90 millions of five years ago are now 100 millions, an increase, during five years only of, say, *eleven per cent.* on the expenditure of 1893.

If we view the most recent five-yearly period for which the actual income and expenditure are known, *viz.*, 1892-6, and strike an average, we get the result shown in diagram No. 3—an income of 93·8 millions, an expenditure of 92·6 millions, and an average yearly surplus of 1·2 million—a comfortable working margin that enables the anxious cashier of John Bull & Company



to feel that he always has *some* money about the office.

In response to an "Order of the Honourable the House of Commons," dated



No. 3.—The yearly Income, Expenditure and Surplus of the United Kingdom, taken on the average of the five years ended March 31, 1892-6. [The sizes of these black squares are in true proportion to the amount represented by each square.]

March 31, 1896, a very interesting statement was issued from the Treasury Chambers on August 8, 1896, containing information by aid of which I have prepared diagram No. 4 (see the description printed beneath

this diagram). The 97.8 millions spent by the Chancellor of the Exchequer during the year ended March 31, 1896, were spent in four main directions, viz. :—

Millions.			
On Imperial Services ...	66.9, or	68.4	per cent. of total.
„ English „ ...	21.9, „	22.4	„ „
„ Scottish „ ...	3.4, „	3.5	„ „
„ Irish „ ...	5.6, „	5.7	„ „

Total, millions 97.8, or 100.0 per cent. of total.

The Imperial Services cost more than two-thirds of the whole expenditure, and they comprise the charges of the army and navy, of the national debt, and that part of the Civil Government charges which falls under the head of Imperial Services, such for example as the civil list of pensions, annuities to the royal family, diplomatic and consular services, the cost of maintaining the offices, etc., of the Houses of Parliament, of the Foreign and Colonial offices, of the Board of Trade, and of such other items of expense that relate to Imperial Services rather than to purely English or Scottish or Irish Services. The total of these Civil Government charges, which are included in the black part of No. 4 as being part of the Imperial Services, amounts to a little more than  $3\frac{1}{2}$  millions sterling.

The big piece of the expenditure disk in No. 4 which is occupied by national debt charges (25.5 per cent., or one quarter of the whole expenditure of the year) is a reminder to us of the tremendous cost to this country of the foreign wars of past times, especially of the American War of more than a hundred years ago, which added 121 millions to the national debt, and of the great French war of 1793-1815, which added 601 millions to the debt. We still have the pleasure of paying the bill for these wars to the tune of about 25 millions yearly. If we add together the two big divisions of black in the disk No. 4 we get the following "war" result :—

Per cent. of the total yearly expenditure.	
Army and navy charges amount to ...	39.2
National debt charges amount to ...	25.5

Total war charges amount to ... 64.7

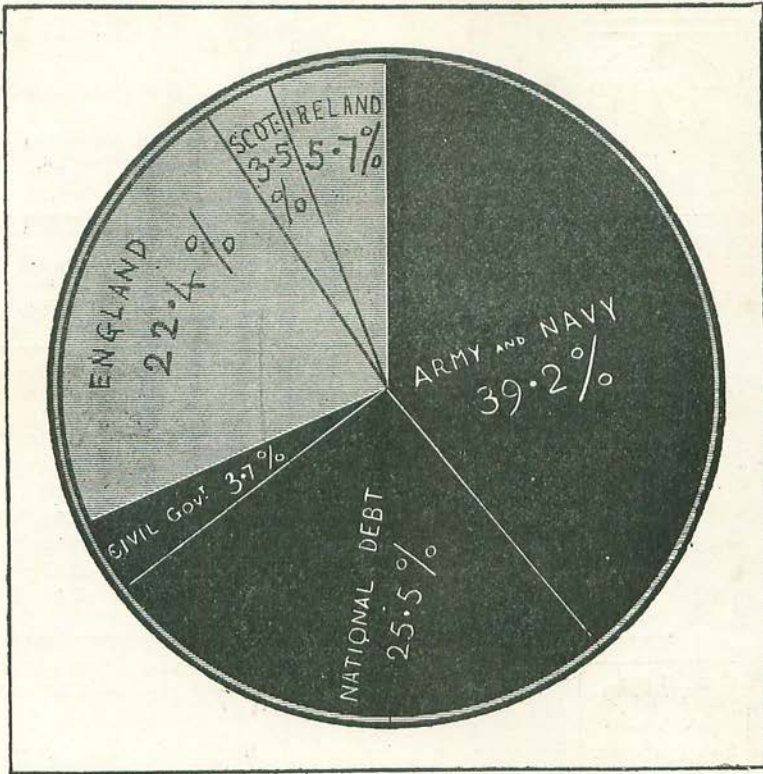
Thus nearly two-thirds of the national expenditure of this country still has to go in the direction of war. But we must pay our debts for past wars, and as regards the money now being spent in preparation for possible future wars, we must fall back on the adage, "To be prepared for war is to secure peace." Still, these two enormous pieces of black in the



disk shown in No. 4 are rather startling when one looks at them in the way just pointed to. As regards the gray part of No. 4 (the money spent on England, Scotland and Ireland), this will be dealt with later on; here my purpose has been to split up the expenditure into Imperial Services and non-Imperial Services, and to deal with the results obtained.

We have been dealing with some big

surplus of 4 millions at the end of the year. This clock is more than 150 years old, and it first ticked time away, just as it does now, in the reign of George II, when, according to Mulhall, our national income was about one-tenth of its present amount, and when each swing of its pendulum was worth only 6s. 6d. as a record of the country's income during one second of time. Our income of £3 4s. 6d. per second is a vast



No. 4.—This disk shows the proportion of the National Expenditure for the year ended March 31, 1896 (97.8 millions sterling), that was spent on Imperial Services, and on English, Scottish and Irish Services respectively. The amount spent on Imperial Services is represented by the black part of the disk, and the gray part of the disk stands for money spent on English, Scottish and Irish Services, making up a total of 97.8 millions sterling. [The percentages written in each division add up to 100.0 per cent.]

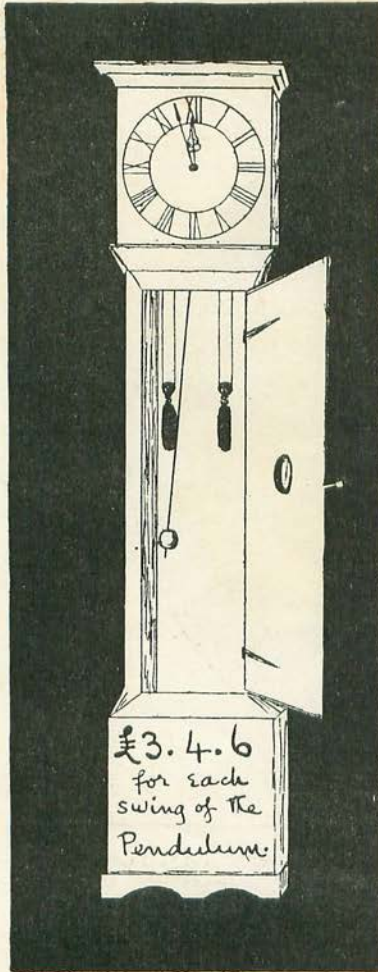
figures which make the firm of John Bull & Company look quite important, but when we look at No. 5, which shows the income of the United Kingdom for the year ended March 31, 1896, during each second of time, the result is really insignificant. The old clock shown in No. 5 is now tick-ticking solemnly on my staircase, and at every swing of its old brass pendulum it records the fact that a paltry £3 4s. 6d. actually suffices to run this country and to leave a

improvement on the 6s. 6d. of 150 years ago. But all the same, £3 4s. 6d. per second does seem a trifling income for this country to have.

The tabular statement shown in No. 6 includes the reign of Queen Victoria, and deals with three very important national items during the period 1830-96: the country's income, its population, and the income per head of population. In round numbers the country's income is now about



double what it was at the accession of Queen Victoria (1837); the population has increased from, say, 26 millions in 1837 to 40 millions in 1896, an increase of over 50 per cent. on the 1837 population; and the national income paid into the Exchequer per head of population has, after numerous fluctuations, resulted in its present figure of



No. 5.—The Income of the United Kingdom for the year ended March 31, 1896, was nearly 102 millions sterling. It was equal to £11,609 per hour, or, say, £3 4s. 6d. for each second of the year.

£2 11s. 7d. per head, the expenditure per head being slightly less than this amount. These varying amounts of income during Queen Victoria's reign have sufficed to meet all the expenditure during the period, and to pay off more than 50 millions of the national debt since the year of the Queen's accession.

We reach, in No. 7, a very interesting bit

of finance. I call this diagram the "give and take of the national Exchequer," and it shows for England, Scotland and Ireland respectively, the proportion of taxes paid by each division of the United Kingdom into the national Exchequer, and the proportion of the money spent by the national Exchequer on English, Scotch and Irish Services respectively. The total of 102 millions of income for the year ended March 31, 1896, was made up thus:—

Total revenue from taxes ... ..	85 millions.
Total non-tax revenue ... ..	17 "
<i>Total income ...</i>	<i>102 millions.</i>

The revenue from taxes came, in the order named, from Excise, Customs, Estate, etc.,

For the Year.	Public Income in Millions Sterling.	Population in Millions.	Public Income per Head of Population.
			£ s. d.
1830-31	54·8	24·4	2 4 11
1840-41	51·7	27·0	1 18 3
1850-51	57·4	27·7	2 1 3
1860-61	70·6	29·3	2 8 2
1870-71	69·9	31·8	2 3 11
1880-81	72·7	35·2	2 1 4
1890-91	89·5	38·1	2 6 11
1895-96	102·0	39·6	2 11 7

No. 6.—The national income of the United Kingdom at eight periods, which cover the reign of Queen Victoria.

Duties and Stamps, Income Tax, House Duty, and Land Tax. The *non-tax* revenue came, in the order, named from the Post Office, Telegraphs, interest on Suez Canal shares, etc, Crown Lands, and miscellaneous receipts. The tax revenue of 85 millions was contributed:—

	Millions.	Per cent.
By England ...	69, or	81·2 of the total taxes.
„ Scotland ...	3, „	10·8 „ „
„ Ireland ...	7, „	8·0 „ „
<i>Total ...</i>	<i>85, or</i>	<i>100·0 of the total taxes.</i>

These are the taxes set out diagrammatically in the left-hand part of No. 7.

As regards the other part of diagram No. 7, the "money received by" each division of the United Kingdom is the amount spent by the Exchequer on English,



Scottish and Irish Services, already referred to in the gray part of diagram No. 4, viz. :—

	Per	Millions.	cent.
On English Services	21.9, or 70.9 of E., S. & I. Services.		
„ Scotch	3.4, „ 11.0		„
„ Irish	5.6, „ 18.1		„

Total, millions 30.9, or 100.0 of E., S. & I. Services.

Inspection of diagram No. 7 shows that

Scotland is the only one of the three divisions of the United Kingdom for which the "give and take" of the Exchequer are in equal proportions. Scotland pays 10.8 of the taxes and receives 11.0 per cent. of the money spent on non-Imperial Services. England, the head partner, pays 81.2 per cent. of the taxes and receives 70.9 per cent. of the money spent on non-Imperial Services—a condition she can very well afford. Ireland, the weakest partner in the firm, pays 8 per cent. of the taxes and receives 18.1 per cent. of the money spent on non-Imperial Services—a condition that no one need grudge to Ireland.

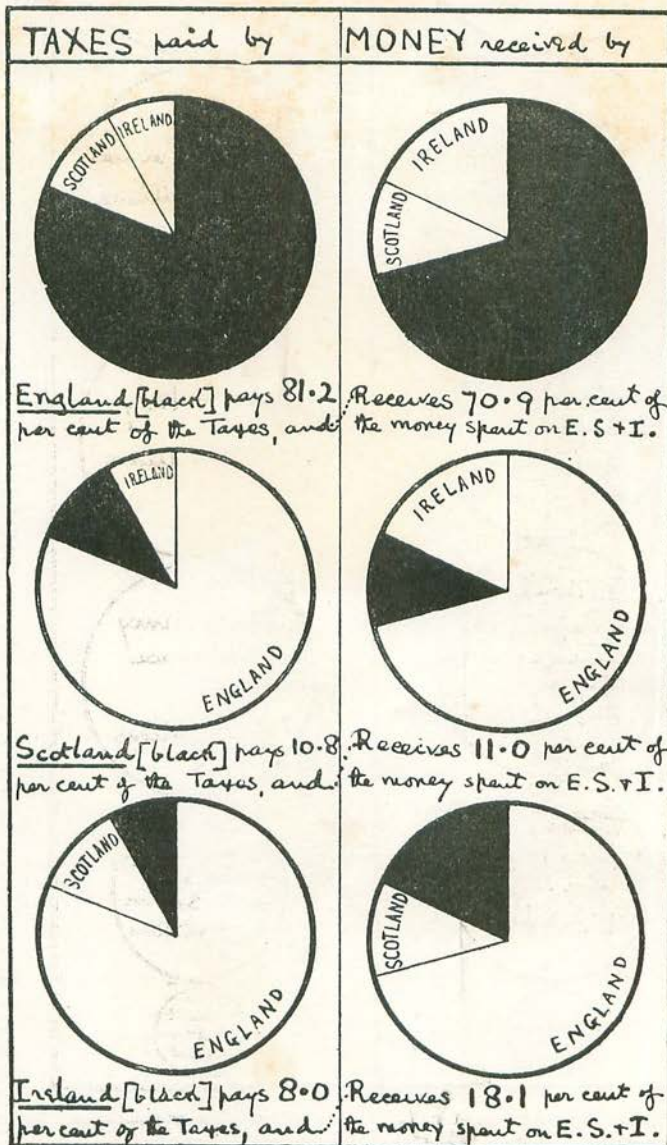
If we split up the total revenue from taxes (85 millions) upon the basis of population, we get the following results :—

	Millions.	Millions.
England 69, proportional share	66	
Scotland 9, „	9	
Ireland 7, „	10	
Total	85	85

Here, again, Scotland comes out exactly "quits," while the predominant partner pays part of the proportional share of the junior partner of the firm, which is shown upon the basis of population.

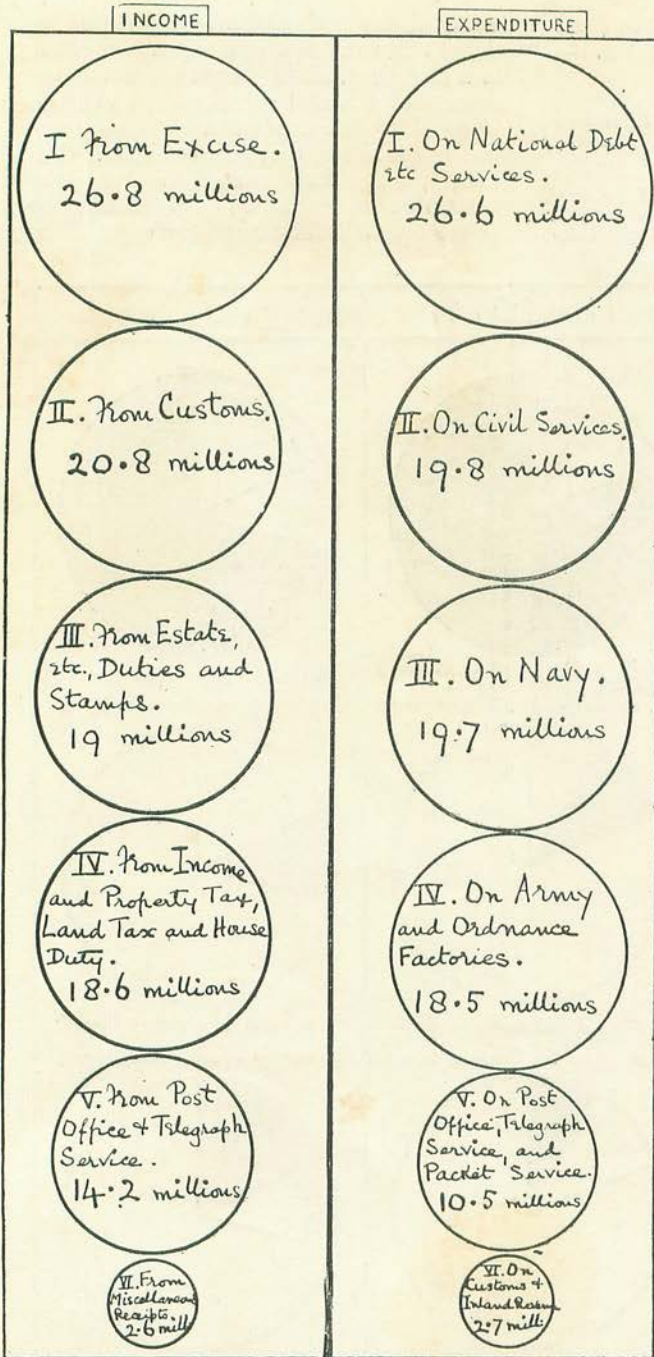
We go on to diagram No. 8, which shows in two parallel columns the income and the expenditure of the country separated into the six chief items of each head. Inspection of No. 8, and a com-

parison of the two circles that stand side by side as one runs the eye across and then down this diagram, show some rather curious instances of financial coincidence, which are evidenced by the approximately close agreement in the size of each pair of circles. For example, the income from Excise pays the expenditure on National Debt Services; the income from Customs pays the expenses of



No. 7.—The "give and take" of the National Exchequer, showing, for each of the three Divisions of the United Kingdom, the proportion of Taxes paid by each Division into the National Exchequer, and the proportion of the Money spent by the National Exchequer on non-Imperial Services, which is received by England, Scotland and Ireland respectively.





Total Income 102 millions.

Total Expenditure 97.8 millions.

No. 8.—Showing where the country's money comes from, and where it is spent. These twelve circles are based on the public Income and Expenditure of the United Kingdom for the year ended March 31, 1896, and the area contained by each circle is in true proportion to the amount represented by it.

the Civil Services; we may set against the Navy expenditure the income from Estate, etc., Duties, and Stamps; and the Income and Property Tax, etc., pays for the Army. These coincidences are, moreover, accidental rather than designed, and it was not until I had made diagram No. 8 that I noticed these curiosities of finance, which, so far as I know, have never before attracted attention.

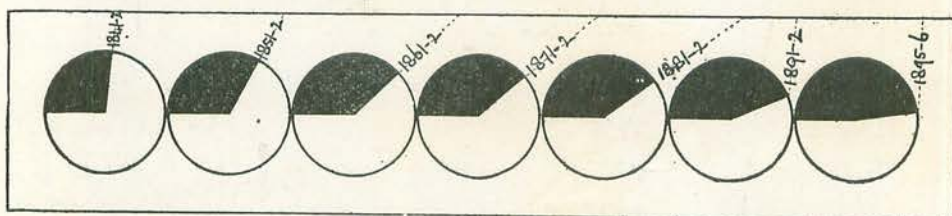
As regards Class II. of the expenditure column in diagram No. 8 (Civil Services), I may say that this class is made up of seven minor items, viz., Public Works and Buildings; salaries and expenses of Civil Departments; Law and Justice; Education, Science, and Art; Foreign and Colonial Services; Charitable and Non-effective Services; Miscellaneous. These sources of expenditure include some very curious and varied details, which are duly set out in the bulky volumes of Estimates. For example, the turncock at Buckingham Palace gets £8 a year for "acting as rat-catcher"; the rat-catcher at Windsor Castle is down in the Estimates for £10 a year; the "charwoman" who works at Windsor Castle gets £35 per annum—say, 2s. per day; the "supply of oil lamps" for Committee-rooms and for other rooms in the Houses of Parliament buildings is estimated at £900 for the current year, although some thousands are also set aside to provide gas and electric light. The "cost of staff for carpet-beating, laying, etc.," in the Houses of Parliament is put at £700; the mere "maintenance of the refreshment plant, House of Commons" (glass, china, crockery, etc.), costs £280; some repairs to the roof of "ball-room of Embassy House" at Berlin are esti-



mated at £300; the ground-rent of "part of the garden of the British Legation at Lisbon" is £15; the "maintenance of graveyards in the Transvaal" costs £24, and cemeteries at Suakim £7; the coals, candles, and "sundry household articles" for the General Post Office and branch offices, London, are put at £12,940; the provision of "water-softening apparatus for boilers" in the Royal Courts of Justice is estimated at £250; the paper for maps and the printer's ink used in the surveys of the United Kingdom cost £5500; two female assistant lighthouse-keepers in the Bahamas get £15 a year each; three French polishers for Ireland at 15s. to 33s. per week [*Qty.*—"To polish up the manners of the big House bore"]; dusting books in the

burdens that has taken place in our financial system during the last half century. Gradually but continuously the burden has been shifted from the indirect taxpayer to the direct taxpayer, that is to say, from the community at large to the propertied classes; and diagram No. 9 illustrates this point very clearly.

Glance from left to right of No. 9 and note the gradual but continuous increase of the black part of the seven disks shown in the diagram. Here I may say that, for the purpose of comparing the relative proportions of national income raised by direct and by indirect taxation respectively, it is usual and also sufficient to treat all taxes on consumable articles as indirect taxes, and all other



No. 9.—Half a Century's Shifting of Taxation on to the Propertied Classes, showing at six ten-yearly periods from 1841 to 1891, and at 1895-6, the proportions of each £100 of the National Income from Taxes that were contributed by Indirect and Direct Taxes respectively. [*Direct Taxes form the black part of each of the seven disks, Indirect Taxes the white part.*]

library of the House of Lords, £50; eleven housemaids for the Lord Great Chamberlain at 14s. to 15s. a week each; three "women typists" in the Treasury at 16s. to 30s. a week. One First Lord of the Treasury costs £5000; one Chancellor of the Exchequer, £5000; an "occasional coal porter" for Ireland, £7 a year; newspapers supplied to the Foreign Office, £160; one Secretary of State supplied to the Foreign Office, £5000; the six charwomen at the Colonial Office, 14s. a week each; one Secretary of State for the Colonies, £5000. All these items, and hosts of other sundries, are to be found in the big white book called "Estimates for Civil Services for the year ending March 31, 1897," and they serve to tell us of the very varied nature of the Civil Services in diagram No. 8, which tot up to an aggregate of nearly 20 millions sterling.

One of the sources of information used in the preparation of this article is a rather out-of-the-way Treasury paper called a "Memorandum explaining the Basis of some of the Figures which Mr. Chancellor of the Exchequer used in his Budget speech on Thursday, the 16th day of April, 1896, etc." Sir Michael Hicks-Beach in his Budget speech directed attention to the transfer of tax

taxes as direct taxes. This classification was used by the Chancellor of the Exchequer, and it is embodied in diagram No. 9.

Turned into figures the seven disks of No. 9 become:—

Year.	Proportions per cent. of:—		Total.
	Direct Taxes.	Indirect Taxes.	
1841-2	27	73	100
1851-2	33	67	100
1861-2	38	62	100
1871-2	39	61	100
1881-2	40	60	100
1891-2	44	56	100
1895-6	48	52	100

We thus see from this diagram that during the last half century direct taxation has increased from, say, one-quarter of the taxation-disk to close on one-half, direct taxation having increased from 27 per cent. in 1841-2, to 48 per cent. of the total taxes in 1895-6. No one can say how much larger the black part of the taxation disk is destined to grow; but a suggestion that it do stop when one-half of the disk be black and one-half white seems a reasonable allotment of taxation by which to meet the future cost of running this expensive country of ours.