

CHAPTER XXI.—PUBLIC FINANCE.

The following treatment of public finance includes a discussion of Dominion, provincial and municipal finance in Canada, with numerous tables, and closes with a brief discussion of the national wealth and national income of the Dominion as the basis of all public finance.

In recent years the subject of public finance has been more elaborately treated than formerly, in response to an increasing public demand resulting from the growing pressure of taxation to meet the augmented expenditures of the national, provincial and local administrations. In the consideration of these growing expenditures two facts must be kept in mind: (1) that our country is showing a relatively rapid growth of population—22 p.c. in the 10 years from 1911 to 1921—and (2) that \$1.50 in 1930 had approximately the same retail purchasing power as \$1 in 1913. Furthermore, since most of our citizens are producers, the effect of this latter fact in swelling the aggregated total money income of the citizens of Canada so as to increase their tax-paying power should not be forgotten. In addition, there is an evident increase in the functions of government.

The great increase in Dominion expenditure since 1913 has, of course, been mainly due to the war and the burden of interest, pension charges, soldiers' civil re-establishment, etc., resulting from the war. Similar increases have also taken place during the same period in provincial and municipal expenditures. Thus in their fiscal years ended 1929 the total ordinary expenditure of the nine Provincial Governments was \$177,542,192, as compared with \$53,826,219 in 1916, only 13 years before, an increase of no less than 230 p.c. (The aggregate interest payments of Provincial Governments rose from \$7,817,844 in 1916 to \$41,207,090 in 1929.) Again, between 1913 and 1929, the aggregate taxes imposed by the municipalities of Ontario increased from \$34,231,214 to \$115,787,422—an increase of 238.3 p.c. In Quebec the ordinary receipts of municipalities other than counties increased from \$20,319,277 in 1914 to \$59,994,328 in 1929, an increase of 195.3 p.c. In Manitoba the increase in municipal taxation has been from \$9,922,537 in 1912 to \$19,463,666 in 1929, an increase of 96.2 p.c. In Saskatchewan the grand total of municipal tax levies was \$13,358,627 in 1914 and \$28,563,828 in 1929. In Alberta the municipal taxes levied amounted to \$9,791,846 in 1914 and to \$13,886,677 in 1929. In British Columbia the taxes collected by the municipalities totalled \$8,698,820 in 1914 and \$17,109,794 in 1929. Finally, in the extreme east the aggregate tax receipts of the municipalities of Nova Scotia were \$6,416,142 in 1929, as compared with \$3,254,094 as recently as 1919, an increase of 97 p.c. in the last ten years. The seven provinces covered by these statistics contained in 1921 approximately 94 p.c. of the population of the Dominion.

Section 1.—Dominion Public Finance.¹

Historical Sketch.—Both under the French *régime* and in the earlier part of the British, the territorial or casual revenues of Canada, consisting of certain

¹ The data contained in this section have been revised by the Department of Finance, with the exception of those parts dealing with recent modifications in taxation and war tax revenue, which were checked by the Department of National Revenue.