

## CHAPTER XXI.—PUBLIC FINANCE.

The following treatment of public finance includes a discussion of Dominion, provincial and municipal finance in Canada, supported by the necessary detailed statistics, 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 18.04 p.c. in the most recent decade 1921 to 1931—and (2) that \$1.40 in 1931 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 1930 the total ordinary expenditure of the nine Provincial Governments was \$185,108,139, as compared with \$53,826,219 in 1916, only 14 years before, an increase of almost 244 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 1930, the aggregate taxes imposed by the municipalities of Ontario increased from \$34,231,214 to \$122,730,972—an increase of 258.5 p.c. In Quebec the ordinary receipts of municipalities increased from \$20,771,300 in 1914 to \$63,637,511 in 1930, an increase of 206.4 p.c. In Manitoba the increase in municipal taxation has been from \$9,922,537 in 1912 to \$19,322,697 in 1930, an increase of 94.7 p.c. In Saskatchewan the grand total of municipal tax levies was \$13,358,627 in 1914 and \$29,609,893 in 1930. 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 \$17,748,816 in 1930. Finally, in the extreme east the aggregate tax receipts of the municipalities of Nova Scotia were \$6,472,561 in 1930, as compared with \$3,389,625 as recently as 1919, an increase of 91 p.c. in the last eleven years. The seven provinces covered by these statistics contained in 1931 approximately 95 p.c. of the population of the Dominion.

### Section 1.—Dominion Public Finance.<sup>1</sup>

**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

<sup>1</sup> The statistics in this section have been made up from the Public Accounts, with the exception of those parts dealing with recent modifications in taxation and war tax revenue, which were revised by the Department of National Revenue.