

## CHAPTER XXI.—PUBLIC FINANCE.

The following treatment of public finance includes an outline 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.

The great increase in Dominion expenditure since 1913 has, of course, been mainly due to the Great 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 1931, the total ordinary expenditure of the nine Provincial Governments was \$190,754,202, as compared with \$53,826,219 in 1916, only 15 years before—an increase of almost 254 p.c. (The aggregate interest payments of Provincial Governments rose from \$7,817,844 in 1916 to \$36,748,366<sup>1</sup> in 1931.) Again, between 1913 and 1931, the aggregate taxes imposed by the municipalities of Ontario increased from \$34,231,214 to \$128,657,684—an increase of 275.8 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 \$10,022,246 in 1914 and to \$14,887,676 in 1930. In British Columbia the taxes collected by the municipalities totalled \$8,698,820 in 1914 and \$18,260,430 in 1931. Finally, in the extreme east the aggregate tax receipts of the municipalities of Nova Scotia were \$6,605,580 in 1931, as compared with \$3,443,681 as recently as 1919—an increase of 92 p.c. in the last twelve 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>2</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 seignorial dues and the proceeds of the sale of government timber and land, were reserved to the Crown, while the right of levying taxes and of regulating the trade and commerce of the colony was, after 1763, deemed to be vested in the British Parliament.

By the Quebec Act of 1774, certain duties on spirits and molasses were imposed, to be expended by the Crown in order to provide a revenue "towards defraying the expenses of the administration of justice and the support of the civil government of the province". A little later, in 1778, the British Government, by the Declaratory Act (18 Geo. III, c. 12), renounced forever the right of taxing the colonies to provide Imperial revenue, but maintained its claim to impose duties considered necessary for the regulation of trade, the proceeds to go towards defraying the expenditures of the colonial administration. After the Constitutional Act of 1791, the customs duties remained under the control of the Imperial Government, their revenue, as

<sup>1</sup> Nova Scotia and Ontario interest charges on loans issued for Power and Hydro Commissions, etc., met from earnings, amounted to \$12,293,926.39 additional.

<sup>2</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, war tax revenue, and incomes assessed for income tax in Canada, which were revised by the Department of National Revenue.