

retention of ownership of their lands, minerals and other natural resources, the provinces which, by the voluntary action of their previously existing Governments entered Confederation, raise considerable revenues through land sales, sales of timber, mining royalties, leases of water powers, etc., while the Prairie Provinces formerly received from the Dominion special grants in lieu of land revenues. However, under legislation of 1930 whereby the Prairie Provinces were given control of their natural resources, all the provinces were placed on an equal footing in the administration of natural resources within their boundaries and as regards revenues accruing therefrom. Further, under Section 92 of the British North America Act, Provincial Legislatures are given authority to impose direct taxation within the province for provincial purposes and to borrow money on the sole credit of the province.

While the *laissez faire* school of political thought was predominant throughout the country, provincial receipts and expenditures were generally very moderate, as may be seen, both for individual provinces and for the provinces collectively, from Tables 26 and 27. From the commencement of the twentieth century, however, the Canadian public, more especially in Ontario and the West, began to demand increased services from their Governments, particularly in respect of education, sanitation, and public ownership and operation of public utilities. The performance of these functions necessitated increased revenues, which had in the main to be raised by taxation. Among the chief methods of taxation to be employed has been the taxation of corporations and estates, succession duties showing a considerably increased yield even within the comparatively short period of fifteen years from 1916 to 1931 covered by the statements compiled by the Finance Branch of the Bureau of Statistics.¹ The fact that provincial government is cheaper per head in the eastern provinces is evident from Table 27, which gives the per capita ordinary revenue and expenditure for various fiscal years from 1881 to 1931. This, however, is not to be taken as evidence that the larger services rendered to the public in the provinces west of the Ottawa river, are not worth what is being paid for them.

For the half-century subsequent to Confederation, the provincial accounts, published by each Government according to its own system of accounting, were quite incomparable as among the provinces, a fact much regretted by students of provincial public finance. Upon the creation of the Dominion Bureau of Statistics in 1918, its Finance Branch undertook the work of placing the various provincial public accounts on a comparable basis, correlating, for example, the revenue derived from succession duties, taxation of corporations, sales of public lands, royalties on forest, mineral and fisheries products, as well as the expenditures on such services as agriculture, civil government, education and public works. As the result of the Bureau's exhaustive analysis of the provincial public accounts, a summary statement of the ordinary receipts and expenditures of the Provincial Governments appeared for the first time in the 1919 Year Book. The various items of receipts and expenditures were classified under appropriate headings and a uniform terminology was adopted. From these statements it is possible to ascertain the amounts received and expended in each year under the respective headings for each province, as well as for the provinces collectively. The figures for the years 1916 to 1920 will be found on pp. 680-685 of the 1921 Year Book, those for 1921 on pp. 786-791 of the 1922-23 Year Book and those for 1922 to 1926 on pp. 836-841 of the 1927-28 Year Book.

¹ The succession duties collected by the provinces in 1931 amounted in the aggregate to \$18,650,659, as compared with \$1,020,972 as recently as 1904, or an increase of more than 18 fold in 27 years. The aggregate revenue raised by taxation of corporations, land, income and miscellaneous (exclusive of gasoline), increased from \$7,217,548 in 1916 to \$26,113,237 in 1931, an increase of 262 p.c. in 15 years.