

section while improved tax collections have made it possible for municipalities to avoid heavy temporary borrowings and reduce other current liabilities. It is pointed out in this respect that debenture debt figures are intended to represent only principal unmatured. Principal past due, whether in default or unpaid because of non-presentation, has been included with accounts payable and other liabilities. It is impossible to ascertain if this is a true statement of fact in all cases, however, as some reports do not indicate the exact situation. The more significant items available in this regard are as follows:—

### 37.—Debenture Principal and Interest Due

Province and Item	1942		1941	
	\$	\$	\$	\$
Prince Edward Island—Principal.....	4,000		10,700	
Interest.....	6,017		4,006	
		10,017		14,706
Nova Scotia—Principal.....	42,733			
Interest.....	38,217			
		80,950		84,377
New Brunswick—Interest payable and accrued.....		240,654		246,138
Quebec—Principal past due (Municipal).....	26,182,369		14,204,962	
Past due and accrued interest (Municipal)....	7,154,744		7,147,149	
Principal and interest past due (schools).....	599,345		563,655	
		33,936,458		21,915,766
Ontario—Principal and interest past due (Municipal)...		2,594,288		3,417,336
Manitoba—Interest due (schools only).....		227,199		324,629
Saskatchewan—Principal past due (excl. primary schools).....	1,962,196		2,736,584	
Interest past due (excl. primary schools).....	2,675,390		2,498,409	
Principal and interest past due (primary schools).....	2,628,205		3,119,506	
		7,265,791		8,354,499
Alberta—Principal past due (schools only).....		338,158		400,641
British Columbia—Principal past due.....		591,660		857,420
<b>Total.....</b>		<b>45,285,175</b>		<b>35,615,512</b>

## PART III.—OUTSTANDING DEVELOPMENTS IN THE TAXATION FIELD

Prior to the War of 1914-18, the Dominion Government was able to finance its expenditures through the imposition of such indirect taxes as customs and excise duties. There were minor direct taxes imposed for other purposes than revenue and these, in the fiscal year 1914, amounted to less than 1.5 p.c. of the total revenue from taxation collected by the Dominion Government.

To-day the significance of direct taxation is exemplified by the fact that direct taxation collected by the Dominion Government accounts for about 64 p.c. of total taxation.

The unprecedented financial demands of the War of 1914-18 began to be felt by 1915 and between 1915 and 1917 the Dominion entered the direct taxation field with the imposition of taxes on banks, trust and loan companies, insurance companies and business profits. The income tax was introduced in Canada in the latter year and has increased in importance until to-day it is the central feature of the