

**Municipal Expenditures.**—Municipal social welfare expenditures were modest in the early years after Confederation, amounting to about half a million dollars in 1874. They increased to \$8,200,000 in 1913 and reached higher levels in the 1920's, by 1926 standing at almost \$20,700,000.

During the depression period of the 1930's, municipal expenditures on relief rose sharply and social welfare costs climbed to \$57,100,000 by 1933. Toward the end of the 1930's and in the war years lower outlays reflected less need for relief expenditures. However, before the end of World War II annual expenditures began to grow again and the increases became more pronounced until in 1957-58 an expenditure level of \$112,600,000 was reached. Since then, there has been a much lower annual outlay and in the fiscal year 1960-61 municipal social welfare expenditures stood at \$98,600,000 which included \$52,400,000 for health services and \$46,200,000 for welfare payments and services. This lower level in recent years can be attributed to a number of factors. One of the most important was the introduction of the federal unemployment assistance program in 1956 and the later extension of that program. Much of the cost of general assistance formerly carried by municipalities in Canada has been shifted to the federal and provincial governments, although in some provinces a portion of general assistance payments is still the responsibility of local governments. Another factor was the implementation of the federal-provincial hospital insurance program which relieved the municipalities of much of the cost of hospital care for indigents.

**Social Welfare Payments in Relation to Personal Income.**—Social welfare income maintenance payments have cushioned permanent or temporary loss of personal income in a number of ways. Benefits from programs such as unemployment insurance and assistance, which are specifically related to cyclical changes in business conditions, provide a direct countercyclical effect because of the rise in the total of benefit payments under them during periods of economic downturn. While benefits under other programs are not so directly related to changes in the economic picture, they provide a continuing source of income to beneficiaries and in so doing afford a stabilizing influence during periods of decline in purchasing power. The effect of this influence is indicated by the fact that in 1961 income maintenance or transfer payments to individuals from governments amounted to \$2,400,000,000 or 8.6 p.c. of all personal income.

Income maintenance payments expressed as a percentage of personal income have greatly increased in the postwar years; in 1947-48 they represented 5.4 p.c. of personal income, in 1952-53 the percentage stood at 6.3 and in 1958-59 it reached 8.3.

The effect of social welfare payments varies in different parts of Canada. In the provinces with comparatively low average incomes these payments have a much greater impact than in others. For example, in the Atlantic Provinces where the per capita personal income was \$947 in 1958-59, 14.4 p.c. of it was derived from income maintenance payments; in Ontario, on the other hand, where per capita personal income was \$1,695, the proportion obtained from such payments was 6.7 p.c.

**Social Welfare Expenditures in Relation to National Income.**—Social welfare expenditures, expressed as a percentage of national income, are at an all-time high in Canada. Back in 1926-27 the percentage was only 2.4 but during the depression years, when welfare expenditures were relatively high and growth of national income adversely affected, the proportion reached as high as 9.7 p.c. Then, during World War II, when national income grew rapidly and government expenditures on social welfare declined in absolute amounts, outlays dropped to 2.8 p.c. of net national income. In the late 1940's the amounts spent by governments on social welfare programs increased rapidly, mainly because of increased outlays on family allowances, veterans pensions and allowances, and health services and, even though national income was also rising, the rate of increase in welfare expenditures was much greater and by 1949-50 these expenditures reached 8.1 p.c. of the net national income. The introduction of universal old age pension payments in 1952 and the several increases in the benefit rate to \$65 a month by 1962, the implementa-