

SOURCES:

1 Government Expenditures—Department of Finance, *Public Accounts of Canada*, for the fiscal year ended March 31, 1961.

2 Gross National Product for 1890 estimated by O. J. Firestone *Canada's Economic Development 1867-1953*; for 1961, *D.B.S. National Accounts*.

3 Federal Government Bank deposits—*Canada Gazette*.

175. Government budgetary expenditures in the 1961 fiscal year were almost 150 times the 1890 figure, a much faster growth than either Government bank deposits or G.N.P. Even the foregoing is not a full measure of the increased burden on the banks, however, because there have come into existence in the last 30 years Government policies involving various types of welfare payments effected by means of millions of small cheques or other instruments for such purposes as Unemployment Insurance benefits, Family Allowances, Old Age Pensions, and so on. As previously mentioned, the number of such items has almost doubled in the last decade alone. The physical burden of these millions of payments is both heavy and costly, and could hardly have been envisaged when the privilege of exemption from charges was first embodied in the Bank Act.

176. The chartered banks make a very substantial contribution to Government revenues by keeping eight per cent of their Canadian dollar deposits in Bank of Canada notes or in interest-free balances with the bank. During 1961 such notes and deposits averaged \$983 million.

Provincial Government Deposits

177. Provincial government deposits, unlike Federal deposits, have done no more than hold their own when compared with pre-war percentages. These deposit accounts operate in a similar manner to corporate current accounts but are separated on the banks' balance sheets for statistical purposes.