

ORDINARY EXPENDITURES BY CLASSES OF GOVERNMENTS

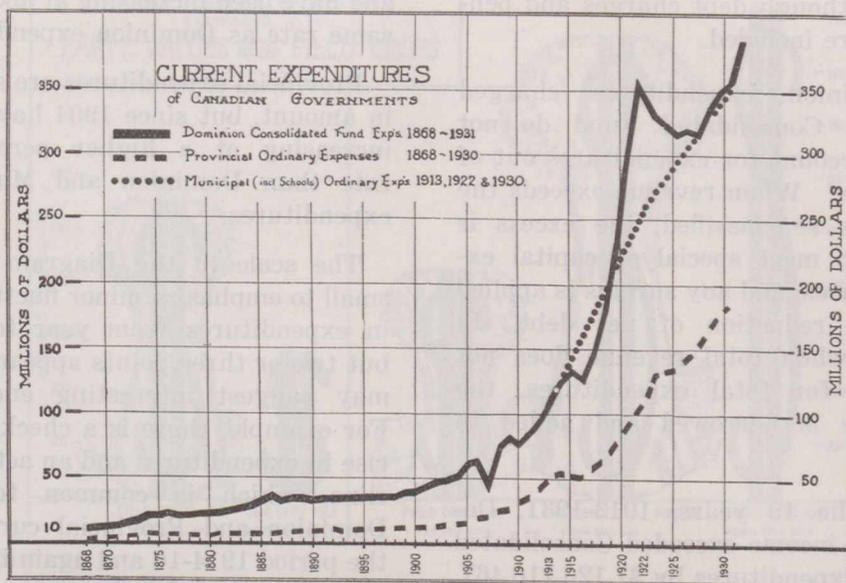


DIAGRAM NO. 2.

In Diagram No. 2 are represented separately the courses of ordinary expenditures of Dominion, Provincial and Municipal governments.

Dominion and Provincial figures are available yearly from 1868. For Municipal expenditures (including Schools) the figures for 1913, 1922 and 1931-2, issued by the Citizens' Research Institute, are used and the dotted line is filled in between these points to show general trend.

The striking feature of this diagram is the contrast between the restrained movement of Dominion and Provincial expenditures for the first 36 years, up to about 1904, and the upward surge in the last 27 years.

If the growth of population is taken into account it is evident from Diagram 1 that a striking contrast will still remain. From 1868 to 1931 population increased 3 times and Dominion and Provincial expenditures

30 times. While from 1904 to 1931 population increased 78 per cent, and expenditures 666 per cent.

If adjustments are made according to the changing value of money, as measured by the index of Wholesale prices, the sweep of the curve would be modified in certain periods, particularly between 1914 and 1920, but the contrast would still be striking, for the average price level in 1931 was only about 12½ per cent higher than in 1913 and was actually lower than in 1868.

Tested by any appropriate standards, the fact is clear that a marked expansion of ordinary government activities began about the year 1905 and has been progressively continued ever since.

It should be noted that the Dominion expenditures are only those charged to Consolidated Fund account and do not include Capital Expendi-