

tions under which, and the objects for which a government is justified in borrowing. The whole conception of a British budget would seem to be that it contains proposals for raising revenue enough to meet all estimated expenditures. A budget should bring before a legislature in the same statement all expenditures of every kind proposed for the year and the estimated revenue from taxes and other sources of income. If the latter does not fully meet the former the budget does not balance and borrowing is provided for.

The present looseness of thinking in Canada, particularly in Provincial and Municipal finance, is a continuous danger. Certain expenditures are more or less arbitrarily, or even capriciously, called ordinary expenditures and if revenue can be made to cover these, the merit of a balanced budget is claimed, and then what amounts to a second budget is introduced with all other expenditures which are to be met by borrowing.

The real merit and significance of a balanced governmental budget is that the burden and sacrifice involved is limited to the specific imposts of the year and that the government will not borrow, with the risk of creating inflation, and will not compete in the securities market for the free capital available.

It should be clearly understood, therefore, that the expenditures

treated in Diagrams 1 and 2 are only those expenditures classified by the governments themselves as Consolidated Fund expenditures, in the case of the Dominion, and Ordinary or Current expenditures in the cases of the Provinces and Municipalities. The extent to which other expenditures have been made will be shown in subsequent chapters.

In connection with the figures used in Diagram No. 1, it may be pointed out that complete figures for all municipalities are not available in any existing compilations and must be partly estimated. Further, that account must be taken of certain duplications in the accounts, as in the case of subsidies paid by the Dominion to the Provinces and grants by the Provinces to Municipalities.

The figures used in the diagram for 1913 and 1930-31 are the adjusted estimates by the Citizens' Research Institute and for 1904 an estimate was made for the purpose of this bulletin:

Ordinary Expenditures

(All Governments in Canada)

1904	-----	\$120,000,000
1913	-----	275,000,000
1931	-----	920,000,000

Population

(Dominion Bureau of Statistics)

1904	-----	6,288,000
1913	-----	7,488,000
1931	-----	10,374,000