

Increase
in debt.

187. With the exception of the years 1871 and 1882 there has been an increase in the amount of debt in every year since Confederation, the total increase amounting to \$161,801,400, being an average annual increase of \$7,354,609. The assets, it will be seen, show an increase in 1888 of \$209,538.

Proportion
of
revenue to
debt.

188. In 1868 the debt was equivalent to five and one-half years' revenue; in 1872 it would only have taken four years' revenue, and in 1889 it would have required a little over six years' revenue to pay off the debt. It will be seen, therefore, that the debt has increased in a somewhat greater ratio than the revenue, the proportion of increase being 213 per cent. and 183 per cent. respectively.

Objects of
debt.

189. The principal objects upon which this increase of debt has been laid out have been the following, viz., the assumption by the Dominion of the debts of the various Provinces on their entering the Confederation, the construction of the Intercolonial and Canadian Pacific Railways, and of numerous public works, the enlargement and improvement of canals, harbours and rivers, and the acquisition and management of the North-West Territories.

Assump-
tion of
provincial
debts.

190. The allowed debt of the four Provinces, which was assumed by the Dominion at the time of Confederation, was \$77,500,000. In 1869 a further allowance of \$1,186,756 was made to Nova Scotia, and since that date additional Provincial debts have been assumed or allowed by the Dominion to the extent of \$30,743,392, making a total assumption of Provincial debts of \$109,430,148, leaving therefore the sum of \$128,099,893 as the actual net liability created by the Dominion Government since Confederation. It must be remembered that the allowance of these debts to the Provinces was in accordance with arrangements made at that time, and that though the amount of the public debt has been thereby increased, no new liabilities have been actually created, inasmuch as these debts,