

Three times only since Confederation has there been a decrease in the gross debt, viz., in the years 1890, 1883 and 1871; and only in the years 1882 and 1871 has there been any decrease in the net debt. The increase in the gross debt since Confederation has been \$215,301,973, and in the net debt \$170,454,388, being an average annual increase of the latter of \$6,313,125. There was an increase in the assets in 1894, as compared with 1893, of \$3,791,509.

In 1868 the debt was equivalent to five and one-half years' revenue, and in 1894 it would have required just six and three-quarter years 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 225 per cent and 166 per cent respectively.

As just stated, since Confederation to June 30th, 1894, the net increase of the public debt of Canada is \$170,454,388.

1412. The items which have increased the debt are railways and canals. Canadian Pacific Railway and other public works, \$159,000,737; Dominion lands, \$3,569,062; Consolidated Fund transfers, \$13,087,007; railway subsidies, \$12,826,187; expenses of and discounts on loans, \$11,850,324; deficits, \$18,065,181; territorial, \$3,799,490; allowances to provinces, \$30,743,393.

The items which have decreased the debt are sinking fund, \$31,959,854; surplus, \$39,873,068; Consolidated Fund transfers, \$5,768,766; receipts from premiums on loans, \$555,972; Dominion lands, \$4,275,526; refunds from sales of public works, \$53,804.

1413. Of the Consolidated Fund transfers which increased the debt (amounting to \$13,087,007) the sum of \$10,189,521 was paid for 6,793,014 acres of land transferred to the Government by the Canadian Pacific Railway in 1886 from their original grant of 25,000,000 acres made by Parliament in aid of that enterprise.

Of the Consolidated Fund transfers which decreased the debt, the chief item is the fishery award of \$4,490,883, obtained by virtue of the award of the Fishery Commission of 1877.

The gross increase of the debt was, therefore, \$252,941,380 and the gross decrease \$82,486,992, leaving the net increase as above stated, \$170,454,388.

1414. The allowed debt of the four provinces, as assumed for 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 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 \$136,752,881 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, if not taken over by the Dominion, would still be owing by the provinces. This assumption of provincial debts has been, therefore, a simple transfer of liability, and the