

Applying the test of public revenue to the public debt of Canada two facts appear: First, that the debt has not increased more rapidly than the revenue. Thus in 1878, 1879 and 1880 the net debt was such that it would have taken 6.38 years of the revenue to pay it off. In 1892, 1893, 1894 and 1895 the net debt was such that it would take 6.99 years of the average revenue of those years to extinguish the net debt.

The second fact is that the debt of Canada is not, in proportion to the revenue of the country, as great as the debts of many other countries considered to be prosperous countries. While it would take $6\frac{3}{4}$ years of the revenue of 1894 to pay off the net debt of Canada it would take $7\frac{1}{3}$ years of the revenue of Great Britain in 1894 to pay off its debt; $7\frac{1}{3}$ years of the revenue of 1892 would be required to pay off the debt of Austria-Hungary in that year; $6\frac{2}{3}$ years that of Belgium; $9\frac{1}{2}$ years that of France, and $8\frac{2}{5}$ years that of the Netherlands.

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 \$225,002,704, and in the net debt \$177,346,286, being an average annual increase of the latter of \$6,333,796. There was an increase in the assets in 1895, as compared with 1894, of \$2,808,834.

In 1868 the debt was equivalent to five and one-half years' revenue, and in 1895 it would have required almost seven and one-half 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 234 per cent and 148 per cent respectively.

1213. The items which have increased the debt are railways and canals, Canadian Pacific Railway and other public works, \$161,932,218; Dominion lands, \$3,668,904; Consolidated Fund transfers, \$13,087,101; railway subsidies, \$14,136,737; expenses of and discounts on loans, \$12,249,524; deficits, \$22,219,056; territorial, \$3,798,656; allowances to provinces, \$30,743,393.

The items which have decreased the debt are: Sinking Fund, \$33,962,166; surplus, \$33,873,060; 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.

1214. Of the Consolidated Fund transfers which increased the debt (amounting to \$13,087,101) 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.