

The gross increase of the debt was, therefore, \$261,835,589 and the gross decrease \$84,489,303, leaving the net increase as above stated, \$177,346,286.

1215. The allowed debt of the four provinces, as 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 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 \$143,644,779 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 burden on the people has not been increased but has been made actually lighter, since the Federal Government has been enabled to exchange the high interest-bearing bonds of the provinces for its own bonds at a lower rate.

1216. The following are particulars of the provincial debts assumed by the Dominion at Confederation :—

Canada (Province).....	\$ 62,500,000
Nova Scotia.....	8,000,000
New Brunswick.....	7,000,000
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Total.....	\$ 77,500,000
Debts subsequently assumed or allowed :	
Nova Scotia (1869) ...	1,186,756
The old Province of Canada (1873).....	10,506,089
Province of Ontario.....	2,848,289
“ Quebec.....	2,549,214
“ Nova Scotia.....	2,343,059
“ New Brunswick.....	1,807,720
“ Manitoba.....	3,775,606
“ British Columbia.....	2,029,392
“ Prince Edward Island.....	4,884,023
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Total provincial debts assumed.....	<u>\$109,430,148</u>

1217. Inquiries for further particulars having been made respecting these assumed debts, the following statement is given :—

Sections 111-120 of the British North America Act, 1867, deal with the financial arrangements between the Federal and the several Provincial Governments.

In consequence of the protest by Nova Scotia against the financial arrangement made for that province an “ Act relating to Nova Scotia ” was passed. It is to be found in Chap. 2, Acts of 1869.