as well as the productive and therefore the taxable capacity of the country. Broadly speaking, it was a debt incurred for productive purposes, Also, it was mainly held outside the country, the principal of the Dominion funded debt payable on Mar. 31, 1914, in London being $302,842,485, as against only $717,453 payable in Canada.

The great changes brought about by the war in our national debt have been (1) the enormous increase in net debt from $335,996,850 to $2,422,135,801; (2) as having been largely incurred for war purposes, the gross debt is not represented by corresponding assets; (3) the debt is now mainly held in Canada; (4) the average rate of interest paid on interest-bearing debt has been considerably increased, the interest-bearing debt on Mar. 31, 1914, being $416,892,576, with an annual interest charge of $14,687,797, the average interest rate being thus only 3·52 p.c., while on Mar. 31, 1922, the interest-bearing debt was $2,676,284,300, with an interest charge of $138,190,400, the average rate of interest paid thus being 5·16 p.c. Had it been possible to keep down the rate of interest to its pre-war level, the debt charge would be nearly $44,000,000 less than it is. Post-war conversions of debt to lower rates of interest are likely to reduce substantially our annual interest payments within the next few years.

A summary account of the loans effected since 1914 is appended.

War Loans.—The first Dominion domestic war loan was raised on November, 1915, under authority of chapter 23 of the Statutes of that year (5 Geo. V, c. 23). It originally consisted of $50,000,000 5 p.c. tax-exempt 10 year gold bonds, issued at 97½ and maturing December 1, 1925. As the issue was heavily over-subscribed (public subscriptions by 24,862 subscribers $78,729,500, bank subscriptions $25,000,000) and the extra money was needed, the Government increased the amount of the loan to $100,000,000. In July, 1915, $25,000,000 of 1 year and $20,000,000 of 2 year 5 p.c. notes had been floated in the United States, with the object of stabilizing exchange and of relieving the pressure on London.

In September, 1916, the second Canadian domestic war loan of $100,000,000 5 p.c. tax exempt 15 year gold bonds was issued and again over-subscribed (public subscriptions by 34,526 subscribers $151,444,800, bank subscriptions $50,000,000). In March of that year, a loan of $75,000,000 in 5, 10 and 15 year 5 p.c. bonds had been floated in New York.

The third Canadian domestic war loan, composed of $150,000,000 5 p.c. tax exempt 20 year gold bonds issued at 96, was issued in March, 1917, and was again over-subscribed, 40,800 public subscribers applying for $200,768,000, while the banks subscribed $60,000,000. In August, 1917, $100,000,000 of 5 p.c. 2 year notes were issued in New York at 98.

Hitherto the process of raising money had been comparatively easy. The buoyancy of Canadian finance was illustrated by the increasing subscriptions to