

being 5.125 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 in 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 each successive loan, while the Government could, when needed, obtain additional funds in New York. In April, 1917, however, the United States entered the war. Its gigantic preparations drained enormous sums of money from the New York money market, and made it difficult for other countries to raise money there. Henceforth Canada had in the main to depend on her own people to supply the funds necessary for keeping her steadily increasing forces in the field. Subsequent appeals for war loan subscriptions had to be made to the masses of the people rather than to the comparatively few wealthy or comfortably-off investors.

The fourth domestic war loan (First Victory Loan) issued in November, 1917, illustrates the foregoing remarks. For the first time subscriptions as low as \$50 were received towards an issue of \$150,000,000 5½ p.c. 5, 10 and 20 year gold bonds, the Minister of Finance reserving the right to allot the whole or any part of the amount subscribed in excess of \$150,000,000. The subscribers numbered 820,035 and the subscriptions totalled \$398,000,000, or about \$50 per head of the population of Canada.

The fifth domestic war loan (Second Victory Loan) of \$300,000,000 5½ p.c. 5 and 15 year tax-exempt gold bonds was issued at 100 and interest as of date November 1, 1918, and the end of the war, then clearly in sight, stimulated public subscriptions. The applications numbered 1,067,879 and totalled \$660,000,000.

The sixth domestic war loan (Third Victory Loan) was raised at 100 and interest in November, 1919. It consisted of \$300,000,000 taxable 5 year and 15 year 5½ p.c. gold bonds. The subscriptions amounted to \$678,000,000.

A 5½ p.c. renewal loan, aggregating \$114,464,150 and due in 1927 and 1932, was floated in Canada in the autumn of 1922 to pay off the maturing 5 year Victory Loan bonds of 1917. Largely for the same purpose a \$100,000,000 5 p.c. loan was issued in New York.

The general result of these loans has been that in 1923 the great bulk of the Canadian national debt is owing to the Canadian people. At the end of the fiscal year 1922-23, the net funded debt of Canada payable in London was officially stated as \$304,770,796, in New York as \$210,933,000, while the net funded debt payable in Canada amounted to no less than \$1,937,031,954. The largest creditors of the Dominion Government are within the Dominion itself, and as a consequence the interest payments made on national debt account outside the country are a relatively small item. Detailed statistics of the national debt as on Mar. 31, 1923, are given in Table 21.