

while on Mar. 31, 1922, the interest-bearing debt was \$2,669,967,110, with an interest charge of \$137,881,774, the average rate of interest paid being 5.164 p.c. Had the rate of interest in 1922 been the same as in 1914, the interest charge in that year would have been some \$44,000,000 less than it actually was. Since 1922, the maturity of certain loans has enabled the Government to refund at lower and more normal peace-time rates of interest, with the result that the average rate of interest payable on the national debt has been slowly declining, standing at 4.996 p.c. on Mar. 31, 1926. Further, in these same four years the principal sum of the interest-bearing debt has been reduced by \$66,351,381. The net result of these two achievements is that the annual interest charge has in the last four years been reduced by the substantial amount of \$7,795,147.

Further savings in interest will doubtless accrue in the next few years, unless new wars again drain off the world's increasing supplies of capital seeking investment. During 1927, for example, two 5½ p.c. loans mature, one of \$29,068,400 on Nov. 1 and one of \$63,437,250 on Dec. 1. Altogether apart from the question of repaying part of the principal sum of these loans out of surplus revenue, it will presumably be possible to refund them at a considerably lower rate of interest, thus effecting a substantial saving for the national treasury.

The *interest-bearing* debt, the annual interest charge upon that debt and the average rate of interest, as at the end of the last six fiscal years, have been as follows:—

	Interest-Bearing Debt.	Interest Charge.	Average Rate of Interest.
	\$	\$	p.c.
Mar. 31, 1920.....	2,703,855,138	138,834,782	5.134
" 1921.....	2,628,342,369	134,845,309	5.130
" 1922.....	2,669,967,110	137,881,774	5.164
" 1923.....	2,653,869,212	136,007,667	5.125
" 1924.....	2,614,147,586	133,198,052	5.092
" 1925.....	2,617,706,451	130,686,851	4.992
" 1926.....	2,603,615,729	130,086,627	4.996

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 c. 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 Dec. 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 Aug., 1917, \$100,000,000 of 5 p.c. 2-year notes were issued in New York at 98.

The fourth domestic war loan (First Victory Loan), was issued in November 1917. 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