

nation, or was expended as subsidies to enterprises, which, like the Canadian Pacific railway, though not government-owned, assisted greatly in extending the area of settlement 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 in London being \$302,842,485 on Mar. 31, 1914, as against only \$717,453 payable in Canada.

The great changes brought about during the 14 years from 1914 to 1928 in our national debt have been:—(1) the enormous increase in net debt from \$335,996,-850 to \$2,296,850,233; (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, \$1,870,049,325 being payable in Canada at Mar. 31, 1928; (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 \$2,669,967,110, 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 4.980 p.c. on Mar. 31, 1928. Further, in these same six years the principal sum of the interest-bearing debt has been reduced by \$155,900,542. The net result of these two achievements is that the annual interest charge has in the last six years been reduced by the substantial amount of \$12,681,044.

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

Dates	Bonds, debentures and treasury bills.	Annual interest charges on bonds, debentures and treasury bills.	Savings bank deposits, trust and other funds.	Annual interest on savings bank deposits and other funds.	Total interest bearing debt. ¹	Annual interest charge.	Average rate of interest.
March 31,	\$	\$	\$	\$	\$	\$	p.c.
1920	2,506,816,821	134,559,302	107,038,317	4,275,480	2,708,855,138	138,834,782	5.134
1921	2,520,997,021	130,416,007	107,345,348	4,429,302	2,628,342,369	134,845,309	5.130
1922	2,564,587,671	133,452,113	105,379,459	4,599,661	2,669,967,110	137,881,774	5.164
1923	2,547,105,821	131,476,511	106,763,391	4,531,156	2,653,869,212	136,007,697	5.125
1924	2,504,033,820	128,571,337	110,113,766	4,628,715	2,614,147,586	133,193,052	5.092
1925	2,503,763,169	126,928,071	113,943,282	4,758,780	2,617,706,451	130,685,851	4.992
1926	2,484,410,336	125,108,738	119,205,393	4,677,889	2,603,615,729	130,086,627	4.996
1927	2,439,340,736	123,369,911	126,310,527	5,274,429	2,565,651,263	128,674,340	5.015
1928	2,377,581,086	119,479,400	136,485,482	5,721,330	2,514,066,568	125,200,730	4.980

¹The total of interest-bearing debt, as here given, includes bonds purchased and held by the Treasury for sinking funds.

Since Mar. 31, 1928, the *interest-bearing* debt of Canada has been reduced by paying off \$46,746,000 of 5 p.c. bonds which fell due on Oct. 15, 1928, the redemption of these bonds involving a reduction of \$2,337,300 in the annual interest charge. In his budget speech of Mar. 1, 1929, the Minister of Finance announced his intention of paying off out of surplus revenue \$60,000,000 of the 5½ p.c. loan of 1919 falling due Aug. 1, 1929, thus saving \$3,300,000 a year in interest.

A summary account of the loans effected between 1914 and 1928 is appended.