

Subsection 6.—National Debt.

The gross national debt of Canada on Mar. 31, 1914, was \$544,391,369, as against assets of \$208,394,519, leaving a net debt of \$335,996,850. Comparatively small as was this debt, it was a debt incurred almost altogether either for public works of general utility which, like the Intercolonial and transcontinental railways and the canal system, remained assets, though perhaps not realizable assets of the 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 in our national debt during the 16 years from 1914 to 1930 have been: (1) the enormous increase in net debt from \$335,996,850 to \$2,177,763,959; (2) the gross debt, having been largely incurred for war purposes, is not represented by corresponding assets; (3) the debt is now mainly held in Canada, \$1,804,977,029 being payable in Canada at Mar. 31, 1930; (4) the average rate of interest paid on interest-bearing debt has been considerably increased. The interest-bearing debt on Mar. 31, 1914, was \$416,892,576, with an annual interest charge of \$14,687,797, the average interest rate being thus only 3.52 p.c. 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 4.967 p.c. on Mar. 31, 1930. Further, in these same eight years the principal sum of the interest-bearing debt has been reduced by \$264,132,389. The net result of these two achievements is that the annual interest charge has, in the last eight years, been reduced by the substantial amount of \$18,367,541.

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 eleven fiscal years, have been as follows:—

Fiscal Year.	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.
							p.c.
1920.....	\$ 2,596,816,821	\$ 134,559,302	\$ 107,038,317	\$ 4,275,480	\$ 2,793,855,138	\$ 138,834,782	5.134
1921.....	2,520,997,021	130,416,907	107,345,348	4,429,302	2,928,842,369	134,845,809	5.130
1922.....	2,564,587,871	135,482,113	105,379,439	4,399,661	2,869,967,110	137,881,774	5.164
1923.....	2,547,105,821	131,476,511	106,763,391	4,531,156	2,653,869,212	136,007,667	5.125
1924.....	2,504,033,320	128,571,337	110,113,766	4,626,715	2,614,147,586	133,195,052	5.092
1925.....	2,503,763,169	125,928,071	118,943,282	4,758,780	2,617,706,451	130,686,851	4.992
1926.....	2,484,410,336	125,108,738	119,205,393	4,977,889	2,603,615,729	130,086,627	4.996
1927.....	2,439,340,736	123,399,911	126,310,527	5,274,429	2,565,651,263	128,674,340	5.015
1928.....	2,377,581,088	119,479,400	136,485,482	5,721,330	2,514,066,568	125,200,730	4.980
1929.....	2,325,413,966	116,843,934	145,780,369	6,156,036	2,471,194,353	122,999,370	4.977
1930.....	2,250,837,266	112,942,215	154,997,435	6,572,018	2,405,834,731	119,514,233	4.967

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