balance sheet, the cost of these roads to the Dominion is included in the liabilities of the system as an offset. The construction or purchase of these roads was financed by the Dominion from the Consolidated Revenue Fund, and while for book-keeping purposes their cost is set up as a system liability, they are not a debt and carry no interest obligation.

In a rather different class are the loans and advances made by the Government to the Canadian National Railways or constituent companies on notes, bonds and receiver certificates with accrued simple interest ranging from 3 to 6 p.c. In computing the public debt of Canada the Finance Department considers these railway loans and advances as "non-active assets" similar to investments in canals, public works, etc., and as such does not subtract them from the gross debt in computing the net debt; similarly, no interest is charged by the Finance Department on the railway advances. The railways, however, debit their accounts with the accrued interest on these Government advances, although no such interest has been paid.

The debt due to the public includes debenture stock maturing and perpetual, and bonds and mortgages of the constituent railways, but does not include the capital stock of the Grand Trunk Railway held by the Government, nor the cost of acquiring the same. Likewise it does not include the capital stock of the Canadian Northern system. The stock of the Grand Trunk Pacific is all held by the Canadian National system and is therefore not included either.

Table 22 shows the total debt at the end of 1930 to have been $2,498,571,939, made up of $1,168,565,863 owing to the public and $1,330,006,076 to the Government. In addition to the actual loans and advances by the Government amounting to $604,406,239, this sum of $1,330,006,076 includes, not only the unpaid interest, already referred to, of $322,155,902, but $403,443,935 spent on the construction and purchase of lines forming the original Canadian Government Railways. The aggregate net increase in the principal of the debt during the 12 years as shown in Table 22 was $1,117,365,694, of which $395,601,897 was an increase in debt due to the public and $721,763,797 in debt due to the Government. The Central Vermont Railway was acquired by the Canadian National system and from February 1, 1930 formed part of that system.

In Table 23 is presented an analysis of the increase in capital liability in the years 1923 to 1930, according to the purpose for which the money was used. The accounts for the Eastern Lines, which under the Maritime Freight Rates Act were ordered segregated from those of the remainder of the system, are shown separately since July 1, 1927. In the first column is shown the interest accrued each year, including interest due to the public and to the Dominion Government. In the second column is shown the total increase in book long term debt as set up by the Railway. It is stated in these terms because it contains accrued interest on Government loans which is not included in the debt by the Minister of Finance. Columns 3 and 5 show the division of the total increase shown in column 2 together with profit and loss adjustments, such as from sales of property, etc. The totals for 1924-30 are shown for the purpose of comparison with Table 24. Of the total increase of $706,046,187 in the eight years the system had been under one management, $339,028,935 was due to operating deficits and $360,954,950 was expended on additions and betterments, increased working capital, etc. To explain this last item Table 24 has been compiled. It shows a net increase in assets for the seven years, 1923-30, of $320,831,688. Of course, some of this is offset by increased current liabilities, but the investments show an increase of $326,974,427 as against the net increase of $270,832,693 shown in column 5, Table 23.