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 18 years from 1914 to 1932 have been: (1) the enormous increase in net debt from $335,996,850 to $2,375,846,172; (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, $2,012,210,212 being payable in Canada at Mar. 31, 1932; (4) the average rate of interest paid on interest-bearing debt has been considerably increased.

A summary account of the loans effected between 1914 and Dec. 31, 1932, follows.

War and Renewal 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 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, was issued at 96 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.

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 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 then 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 Nov. 1, 1918; the end of the War, then clearly in sight, stimulated subscriptions. The applications numbered 1,067,879 and subscriptions 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.