

The Interest-Bearing Debt of Canada.—The main burden imposed upon the Canadian people by their debt is the payment of the annual interest thereupon, and this burden is increased or decreased by changes in the rate of interest paid as well as by the paying off of old debt and the contracting of new debt.

Before the Great War, interest rates were comparatively moderate, but the unprecedented expenditure of the world's capital in that gigantic struggle led, in all the participating countries, to the raising of enormous loans at comparatively high rates of interest, which in many cases still have to be paid until refunding becomes possible under the terms of the contracts made between the nations and their creditors. Thus, in Canada, the average rate of interest paid upon all the direct interest-bearing obligations of the nation, which was only 3.368 p.c. at Mar. 31, 1913, rose to 5.164 p.c. at Mar. 31, 1922, and fell gradually to 4.923 p.c. at Mar. 31, 1932. The effect of the refundings of 1931 in reducing the general rate will not be fully felt until 1935. Details of the interest-bearing debt of Canada, and the interest charges thereon, as at March 31 of the years from 1913 to 1932, are given in Table 22.

22.—The Interest-Bearing Debt, the Annual Interest Charge thereon and the Average Rate of Interest, as at Mar. 31, 1913-32.

Fiscal Yr.	Bonds, Debentures and Treasury Bills.	Annual Interest Charges on Bonds, Debentures and Treasury Bills.	Average Interest Rate 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.	\$	\$	\$	\$	p.c.
1913.	260,869,037	8,873,746	3.439	91,735,123	2,904,287	352,604,160	11,878,033	3.368
1914.	311,838,272	11,162,047	3.579	93,031,928	2,957,544	404,869,200	14,119,591	3.487
1915.	358,659,932	13,075,447	3.645	91,910,510	2,935,881	450,570,442	16,011,328	3.554
1916.	508,090,366	20,499,696	4.035	92,240,955	2,960,002	600,241,321	23,459,698	3.908
1917.	893,208,877	39,098,579	4.376	96,885,192	3,114,315	990,094,069	42,212,894	4.263
1918.	1,472,098,608	71,121,368	4.831	95,796,899	3,096,532	1,567,895,507	74,217,900	4.733
1919.	2,035,218,997	102,218,489	5.022	100,636,102	3,441,803	2,135,854,199	105,660,292	4.947
1920.	2,596,816,821	184,559,332	5.181	107,038,317	4,275,480	2,703,855,138	138,834,782	5.134
1921.	3,520,997,021	130,416,007	5.173	107,345,348	4,429,302	2,628,342,369	134,845,309	5.130
1922.	2,564,587,671	133,482,113	5.204	105,379,439	4,399,661	2,669,967,110	137,881,774	5.164
1923.	2,547,105,821	131,476,511	5.161	108,763,391	4,531,156	2,653,869,212	136,007,667	5.125
1924.	2,504,033,820	128,571,387	5.134	110,113,766	4,626,715	2,614,147,586	133,198,062	5.092
1925.	2,503,763,169	125,928,071	5.029	113,943,282	4,758,780	2,617,706,451	130,686,851	4.992
1926.	2,484,410,336	125,108,738	5.035	119,205,393	4,977,859	2,603,615,729	130,086,627	4.996
1927.	2,439,340,736	123,399,911	5.058	126,310,527	5,274,429	2,565,651,263	128,674,340	5.015
1928.	2,377,581,086	119,479,400	5.025	136,485,482	5,721,330	2,514,066,568	125,200,730	4.980
1929.	2,325,413,986	116,848,934	5.024	145,780,369	6,156,036	2,471,194,353	122,999,970	4.977
1930.	2,250,837,286	112,942,215	5.017	154,997,435	6,572,018	2,405,834,721	119,514,233	4.967
1931.	2,320,832,286	115,491,256	4.976	163,994,443	6,969,151	2,484,826,729	122,461,106	4.928
1932.	2,579,238,724	128,188,969	4.970	136,356,977	5,522,579	2,715,595,701	133,711,548	4.923

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

Guaranteed Debt of the Dominion.—Besides the direct debt of the Dominion, already dealt with, there are also large indirect obligations, arising mainly out of the taking over by the Dominion of the railway lines which now form the Canadian National Railways, and the subsequent extensions thereof. Together with these are other smaller indirect obligations, originating in the Government's guarantees of the bonds of the Canadian National Steamship services and of the bonds of its Harbour Commissions, issued in the main for harbour improvements. Statistics showing the growth of these indirect obligations in recent years are given in Table 23, while Table 24 shows the obligations as they existed on Mar. 31, 1932.