

Subsection 2.—Provincial Debts and Assets.

Total Liabilities of the Provinces.—The total direct liabilities of the provinces in 1931 amounted to \$1,276,629,288, showing a steady and rapid increase since 1896, when they were but \$51,315,130. In addition to the direct liabilities, there are also certain indirect liabilities which amounted in 1931 to \$210,668,231, so that the total liabilities of the provinces reached \$1,487,297,519 in that year. Figures are given by provinces for the fiscal years 1896, 1911 and 1916-32 in Table 28.

Bonded Indebtedness of the Provinces.—Of the total liabilities of the provinces the major part is represented by bonded debt owing to the public in Canada and abroad. The total bonded debt amounted to \$1,148,451,597 in 1932. In addition to this bonded debt there were treasury bills outstanding on provincial accounts amounting to \$103,707,602 for 1931. Figures of bonded debt for this and previous years to 1916 are given in Table 29. The rapid rise in the bonded debt of the provinces in the period under review is accounted for largely by the development of public ownership of utilities (such as the "Hydro" in Ontario), the extension of the highways and good roads systems in all provinces (highway debentures outstanding in 1931 accounting for almost \$375,000,000 of the provincial debt), the cultural training advances and requirements for the promotion of industrial activities and public and social welfare. These demanded heavy expenditures which could not easily be met out of current revenue, and the borrowings, while increasing the public debt, are in the main considered justifiable, as the public utilities are meeting from their revenues the interest on indebtedness incurred in their construction, and the provincial assets generally are sound enough to take care of capital investment for other services which are necessary to develop the country.

Interest Payments of the Provinces.—The interest payments of the Provincial Governments have naturally increased in proportion to their growing indebtedness described above. In 1916, the first year for which aggregate figures are available on a comparable basis, the total interest payments of the provinces were \$7,817,844, in 1921 they had risen to \$19,818,266, in 1926 they were \$37,366,925, in 1929 \$41,207,090, but in 1931 they were reduced to \$36,748,366 exclusive of interest paid by the N.S. Power Commission and the Ontario Hydro-Electric Power and other Commissions. The 1931 interest payments of the Provincial Governments were as follows: P.E.I., \$170,385; N.S. \$2,083,937;¹ N.B., \$2,310,825; Que., \$3,280,626; Ont., \$11,153,338;² Man., \$4,442,508; Sask., \$3,202,882; Alta., \$5,039,366; B.C., \$5,064,499.

¹The Nova Scotia Power Commission paid \$649,179 interest on funded debt.

²In addition the Hydro-Electric Power and other Commissions paid interest charges on their debt which, together with interest received on bond issues, amounted to \$11,644,748.