

any claims against or liabilities of the Government of Canada in respect of the administration and control by the Government of the natural resources in those Provinces before the transfer thereof to the said two Provinces. Loans for capital and ordinary governmental purposes were refunded over a period of thirty years with interest payable annually at a rate of 2½ p.c. Such loans, by provinces as at Mar. 31, 1948, were: Alberta, \$7,585,750; British Columbia, \$17,346,838; Manitoba, \$13,855,101; Saskatchewan, \$5,383,191. Loans for direct and agricultural relief under the terms of the settlement were reduced by one-half and the remaining indebtedness was to be refunded by the provinces without interest over a period of thirty years, as follows: Alberta, \$5,297,500; British Columbia, \$8,342,191; Manitoba, \$5,439,675; Saskatchewan, \$30,610,614.

As at Mar. 31, 1948, the total treasury bill indebtedness was: Alberta, \$12,883,250; British Columbia, \$25,689,029; Manitoba, \$19,294,776; Saskatchewan, \$35,993,805. An additional indebtedness as at Mar. 31, 1948, by Saskatchewan of \$8,707,469, representing outstanding loans in respect of 1938 seed grain loans guarantees, was not included in the 1947 settlement.

Subsection 5.—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. This was a comparatively small debt; it was incurred almost altogether 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 expanded by the subsidizing of 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, the debt was incurred for productive purposes. Also, it was mainly held outside the country, the principal of the Federal Government funded debt payable in London, England, being \$302,842,485 on Mar. 31, 1914, as against only \$717,453 payable in Canada.

From 1914 to 1920, the gross debt increased by almost \$2,500,000,000 to a total of \$3,042,000,000 due to heavy war and post-war expenditures, and while there was a slight reduction to a low point of \$2,544,586,411 at Mar. 31, 1930, additional expenditures during the depression years resulted in a gross debt of \$3,710,610,593 by Mar. 31, 1939.

From 1939 to 1946 there was an increase of \$15,249,235,590, incurred mainly for war purposes, bringing the total gross debt to \$18,959,846,183 at the end of March, 1946. After deduction of active assets held by the Government, the net debt showed an increase of \$10,268,846,095 during this period, amounting to \$13,421,405,409 at the end of March, 1946. At the end of March, 1948, total gross debt had been reduced to \$17,197,348,981 and net debt to \$12,371,636,893.

The portion of the funded debt payable in foreign currencies decreased steadily and sharply during the war years, as was inevitable under conditions where almost the entire amount of Canada's war financing was carried out through domestic operations. Of the total funded debt and treasury bills outstanding as at Mar. 31, 1948, amounting to \$15,957,382,593, less than 1.0 p.c. was payable outside of Canada: \$9,324,772 payable in London and \$198,000,000 in New York.