

**Interest-Bearing Debt.**—The interest-bearing debt of Canada has shown a sharp increase since 1939, amounting to \$16,632,000,000 at Mar. 31, 1948, as compared with \$3,658,000,000 on the same date of 1939. The average rate of interest on this debt continued downward during the war years, reaching the low point at Mar. 31, 1945 of 2·547 p.c. Slight increases in 1946, 1947 and 1948 were recorded, and the rate stood at 2·710 p.c. at Mar. 31, 1948. This is in contrast with the experience of the First World War, when the average interest rate on the direct debt of the nation rose from 3·368 p.c. at Mar. 31, 1913, to a high point of 5·164 p.c. at Mar. 31, 1922.

During the fiscal year ended Mar. 31, 1939, interest on the public debt absorbed about 26 p.c. of total Government receipts. Interest on the debt now absorbs a smaller portion of revenues, amounting to 20·7 p.c. in the year ended Mar. 31, 1948.

**25.—Interest-Bearing Debt, Annual Interest Charges Thereon and Average Rates of Interest, as at Mar. 31, 1934-48**

NOTE.—Statistics for the years 1913-33 are given at p. 977 of the 1947 Year Book.

Year	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 <sup>1</sup>	Annual Interest Charge	Average Rate of Interest
	\$	\$	p.c.	\$	\$	\$	\$	p.c.
1934...	2,858,624,524	132,354,806	4·630	154,137,868	6,093,937	3,012,762,392	138,448,743	4·595
1935...	3,061,955,821	127,074,870	4·150	171,554,957	6,683,560	3,233,510,778	133,758,430	4·136
1936...	3,265,314,332	128,598,908	3·938	196,197,897	7,679,285	3,461,512,229	136,278,193	3·937
1937...	3,337,358,832	125,093,381	3·748	224,157,683	8,798,557	3,561,516,515	133,891,938	3·759
1938...	3,314,558,032	117,062,907	3·532	248,176,039	9,771,812	3,562,734,071	126,834,719	3·560
1939...	3,385,722,462	119,198,476	3·521	272,692,286	9,879,428	3,658,414,748	129,077,904	3·528
1940...	3,695,705,919	125,575,106	3·398	288,066,211	10,726,716	3,983,772,130	136,301,822	3·421
1941...	4,372,007,319	133,970,676	3·064	317,332,308	12,488,959	4,689,339,627	146,459,635	3·123
1942...	5,865,280,821	170,218,719	2·902	343,238,738	13,522,857	6,208,519,559	183,741,576	2·960
1943...	7,893,493,950 <sup>2</sup>	204,896,794	2·596	377,869,660	14,779,052	8,271,363,610	219,675,846	2·656
1944...	10,936,847,068 <sup>2</sup>	278,792,582	2·549	415,629,678	16,251,031	11,352,476,746	295,043,613	2·599
1945...	13,983,763,575 <sup>2</sup>	351,589,751	2·514	458,079,901	18,304,039	14,441,843,476	369,893,790	2·547
1946...	16,807,177,765	436,223,927	2·595	494,177,833	19,517,520	17,301,355,598	455,741,447	2·634
1947...	16,541,900,182	437,853,818	2·647	570,226,510	22,538,419	17,112,126,692	460,392,237	2·690
1948...	15,957,382,594	424,089,017	2·658	674,555,372	26,625,452	16,631,937,966	450,714,469	2·710

<sup>1</sup> Includes bonds purchased and held by the Treasury for sinking funds.

<sup>2</sup> Includes refundable portion of income tax and excess profits tax.

**Guaranteed Debt.**—Besides the direct debt of the Federal Government, already dealt with, there are also large indirect obligations, arising mainly out of the guarantee of securities, by the Federal Government, of the railway lines that now form the Canadian National Railways, and the subsequent extensions thereof. Together with these are other small indirect obligations, originating in the Government's guarantees of the bonds of the Canadian National Steamship services and of the bonds of the Harbour Commissions, issued in the main for harbour improvements. Since 1932, guarantees of certain bank loans have been made under the various Relief Acts. With the commencement of business of the Bank of Canada on Mar. 11, 1935, the guarantee [authorized by Sect. 27 (6) of the Bank of Canada Act] of the deposit required to be maintained in the Bank of Canada by every chartered bank, came into force. This guarantee will require to be implemented "in the event of the property and assets of the Bank being insufficient to pay its liabilities, and if the Bank suspends payment of any of its liabilities".