

A special arrangement was made for Prince Edward Island which is to receive a guaranteed minimum payment of \$2,100,000. This is slightly in excess of the amount determined by either of the two formulas. The guaranteed minimum annual payments to the provinces under the most favourable option and the estimated 1948 payments are shown in Table 22. The guaranteed minimum annual payment to the Yukon is \$89,365 and the estimated 1949 payment is \$148,630.

The actual amount payable in any one year is calculated according to the following method. The minimum payment is adjusted for changes in provincial population and gross national product per capita, as compared with the base year 1942, for each of the three calendar years immediately preceding the fiscal year of payment. These three amounts are then averaged, and the resultant is the amount payable. If, in any of the three calendar years concerned, the amount calculated is less than the amount of the minimum payment, then the amount of the minimum payment is substituted. This method of computing the annual payments ensures that the revenues of the province will increase as the provincial population and gross national product per capita increase, and at the same time guarantees that the province will, at no time in the period covered by the Agreement, receive less than the stated minimum.

22.—Guaranteed Minimum Annual Payments to Provinces¹ under Most Favourable Option and 1949 Payments

Province and Option	Guaranteed Minimum Annual Payments ²	1949 Payments ²
	\$'000	\$'000
Prince Edward Island.....	2,100	2,620
Nova Scotia (Second).....	10,870	13,754
New Brunswick (First).....	8,773	11,161
Manitoba (First).....	13,540	16,556
Saskatchewan (Second).....	15,291	17,517
Alberta (First).....	14,228	17,657
British Columbia (First).....	18,120	26,125
Totals.....	82,922	105,390

¹ The Governments of Quebec and Ontario have not made agreements with the Federal Government. The payments for these Provinces (First Option) would be: Quebec, \$56,382,000 and \$71,282,000; Ontario, \$67,158,000 and \$84,001,000.

² Subject to deduction of statutory subsidies. See Table 20, p. 1020.

Under an offer ancillary to the Agreements, but which applies to all provinces, whether agreeing or not, the Federal Government will pay to the province one-half of the federal corporation income tax on income of corporations derived from generating and/or distributing to the public, electric energy, gas or steam where this is the main business of the corporation.

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