

Increase in debt. 201. Three times only since Confederation has there been a decrease in the gross debt, viz., in the years 1890, 1883 and 1871; and only in the years 1882 and 1871 has there been any decrease in the net debt. The increase in the gross debt since Confederation has been \$196,853,179, and in the net debt \$162,080,389, being an average annual increase of the latter of \$6,753,349. There was a decrease in the assets as compared with 1890 of \$3,511,116.

Proportion of revenue to debt. 202. In 1868 the debt was equivalent to five and one-half years' revenue, and in 1891 it would have required a little over six years to pay off the debt. It will be seen, therefore, that the debt has increased in a somewhat greater ratio than the revenue, the proportion of increase being 214 per cent and 182 per cent respectively.

Objects of debt. 203. The principal objects upon which this increase of debt has been laid out have been the following, viz., the assumption by the Dominion of the debts of the various provinces on their entering the Confederation, the construction of the Intercolonial and Canadian Pacific railways and of numerous public works, the enlargement and improvement of canals, harbours and rivers, and the acquisition and management of the North-West Territories.

Assumption of provincial debts. 204. The allowed debt of the four provinces, which was assumed by the Dominion at the time of Confederation, was \$77,500,000. In 1869 a further allowance of \$1,186,756 was made to Nova Scotia, and since that date additional provincial debts have been assumed or allowed by the Dominion to the extent of \$30,743,392, making a total assumption of provincial debts of \$109,430,148, leaving therefore the sum of \$128,378,882 as the actual net liability created by the Dominion Government since Confederation. It must be remembered that the allowance of these debts to the provinces was in accordance with arrangements made at that time, and that though the amount of the public debt has been thereby increased, no new liabilities have been actually created, inasmuch as these debts, if not taken over by the Dominion, would still be owing by the provinces, and this assumption of provincial debts has been therefore a simple transfer of liability, and the burden on the people has not been increased, but has been made actually lighter, since the Government were enabled to change the high interest-bearing bonds of the provinces for their own bonds at a lower rate.

Particulars of provincial debts assumed. 205. The following are particulars of the provincial debts assumed by the Dominion at Confederation:—

Canada.....	\$ 62,500,000
Nova Scotia.....	8,000,000
New Brunswick.....	7,000,000
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	\$ 77,500,000