

**Loans to Provinces.**—All of the provincial loans recently advanced by the Dominion have been made to the western provinces under the authority of relief legislation beginning with the Unemployment and Farm Relief Act, 1931, and these have been secured by interest-bearing treasury bills of the respective provinces, the rate being 3 p.c. since July 1, 1936. The sum total of such loans outstanding as at Mar. 31, 1945, was \$176,152,411 less write-offs of \$19,861,035, making net loans outstanding \$156,291,376, divided by provinces as follows: Alberta \$25,887,500; British Columbia \$34,467,140; Manitoba \$24,774,950; Saskatchewan \$71,161,786. Details are given in Table 19, p. 830 of the 1943-44 Year Book.

Housing loans made to the provinces in the years following the War of 1914-18' on the authority of Orders in Council passed in 1918 and 1919, and of the Appropriation Acts of 1920 and 1921, were completely paid off in the fiscal year 1943-44. The provinces repaid the whole of the advances in the following years: Ontario in 1928, Quebec in 1937, New Brunswick in 1938, Manitoba and British Columbia in 1941, Prince Edward Island in 1943 and Nova Scotia in 1944. For statistics, see Table 20, p. 831 of the 1943-44 Year Book.

### 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 either 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 expended as subsidies to 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, it was a debt incurred for productive purposes. Also, it was mainly held outside the country, the principal of the Dominion 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 \$1,200,000,000 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 \$2,544,000,000 at Mar. 31, 1930, additional expenditures during the depression years resulted in a gross debt of \$3,710,000,000 by Mar. 31, 1939.

From 1939 to 1945 there was an increase of \$12,000,000,000, incurred mainly for war purposes, bringing the total gross debt to \$15,712,000,000 at the end of March, 1945. After deduction of active assets held by the Government, the net debt showed an increase of \$8,146,000,000 during the war years, amounting to \$11,298,000,000 at the end of March, 1945.

The portion of the funded debt payable in foreign currencies has steadily and sharply decreased during the war years, 1939-45, 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, 1945, amounting to \$13,984,000,000, less than 2·5 p.c. was payable outside of Canada, representing \$12,000,000 payable in London and \$333,000,000 in New York.