

PER CAPITA GROWTH OF GOVERNMENT DEBTS

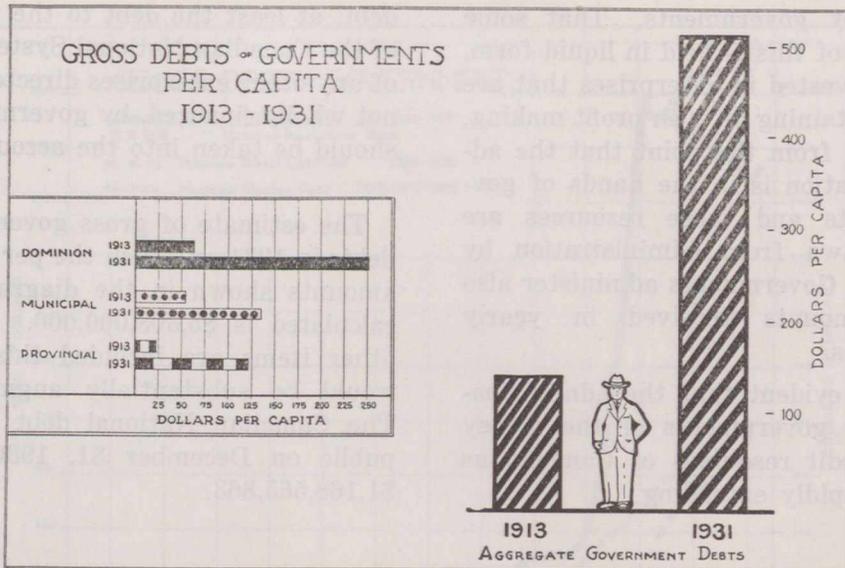


DIAGRAM NO. 4.

Between 1913 and 1931 the Dominion increased its gross debt by \$2,127,033,143. In addition the Dominion had, between 1922 and 1931, guaranteed principal and interest of bonds of the Canadian National System, Harbor Commissions, etc., of which a total of \$738,709,970 was held by the public on March 31, 1931. There was also outstanding at that date railway bonds to the amount of \$216,207,142, guaranteed by the Dominion as to interest only. Neither of these classes of liability is included in the above increase in gross debt.

In the same period the direct liability of Provincial governments increased by some \$1,090,000,000 and the gross debenture debts of Municipalities (including schools), without taking account of unfunded debts not completely available, by some \$1,014,000,000.

Disregarding, for the moment, the liability under guarantees of the

Dominion, and the unfunded debts of Municipalities, the change in the per capita liability for the gross debts of all governments is shown above in Diagram No. 4.

Debts have increased even faster than ordinary expenditures, the per capita rate of increase in debts being 147 per cent of the rate of increase of ordinary expenditures.

The question of liquid, realizable or revenue producing assets, and of net, as distinguished from gross debts, arises. From the point of view of probable future debt charges upon the taxpayers this question is, of course, important.

There is, however, another fundamentally important question—What proportion of the available cash and credit resources of a country should be administered by governments and what proportion should be left to be administered by other agencies?