

deposits are increasing, domestic and foreign trade growing, and capital coming in for investment in sums that a few years ago would have been deemed quite beyond our reach—these and other evidences of a healthy material development are plain to everybody, and withal we are merely on the threshold of the great future that awaits us.

These things are obvious enough to us on the spot, but it is only natural that the British investor should be inclined to look at the other side of the shield, to regard reckless and uncontrolled Provincial and municipal legislation as a menace, and to press the question why we owe so much more, man for man, than the Americans, by whose standards he usually judges us.

Our net interest-paying Federal debt at the present time—that is, our net debt less the Dominion notes in circulation—is about \$37 per head for a population of 7,000,000. That of the United States is \$10 per head. A large proportion, seven-ninths, of their interest-bearing debt is in 2 per cent bonds, whereas our bonded debt pays higher rates. The result is that the interest charge on the Federal debt of the United States in 1908 was \$21,000,000, while the interest charge on ours was \$11,000,000, or over half. If we continue to augment our debt in the next few years as rapidly as we have augmented it during the last two or three, since the construction of the Government section of the new Trans-continental Railway was begun, we shall soon owe half as much as the United States, for their debt is being reduced, while our annual interest charge will considerably exceed one-half of theirs: which would be a grave enough condition of affairs.

I am not concerned at present, however, with the financial situation of the Dominion, but with that of the Canadian Provinces and municipalities, on the one hand, and of the American States and municipalities, on the other. The indebtedness of the latter was compiled in 1902 by the census officials when it amounted to \$23.75 per head. Unfortunately there is no way of ascertaining the debts of our Provinces and municipalities. The Dominion census officials take no account of them, and the statements issued by partisans on